

APR 16 2003  
ECONOMIC GROWTH

HOUSE FILE 683  
BY GIPP and MYERS

Passed House, Date 4/30/03 <sup>6/3/03 as amended</sup> Passed Senate, Date 6/4/03 <sup>(as amended)</sup>  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to economic development by creating an Iowa  
2 values board and Iowa values fund, modifying the value-added  
3 agricultural products and processes financial assistance  
4 program, providing endow Iowa seed grants and endow Iowa tax  
5 credits, providing funding and tax credits for economic  
6 development regions, creating workforce training and economic  
7 development funds for community colleges, establishing a  
8 school financing program for school infrastructure purposes,  
9 creating a cultural and entertainment district certification  
10 program, increasing the availability of rehabilitation project  
11 tax credits, eliminating a small business advisory council,  
12 making appropriations, and including effective date and  
13 retroactive applicability provisions.

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

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DIVISION I

IOWA VALUES BOARD AND FUND

Section 1. NEW SECTION. 15G.101 PURPOSE.

The purpose of this chapter is to identify and assist those economic and business sectors that have the most potential to contribute to the long-term growth and development of the state economy.

Sec. 2. NEW SECTION. 15G.102 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Board" means the Iowa values board established in section 15G.103.
2. "Department" means the Iowa department of economic development created in section 15.105.
3. "Director" means the director of the department of economic development.
4. "Fund" means the Iowa values fund created in section 15G.105.

Sec. 3. NEW SECTION. 15G.103 IOWA VALUES BOARD.

1. The Iowa values board is established consisting of seventeen voting members and five ex officio, nonvoting members. The board shall be located for administrative purposes within the department and the director shall provide office space, staff assistance, and necessary supplies and equipment for the board. The director shall budget funds to pay the compensation and expenses of the board. In performing its functions, the board is performing a public function on behalf of the state and is a public instrumentality of the state.
2. The director shall serve as an ex officio member of the board. The legislative ex officio members of the board are two state senators, one appointed by the president of the senate, and one appointed by the minority leader of the senate, from their respective parties; and two state representatives, one appointed by the speaker and one



1 appointed by the minority leader of the house of  
2 representatives from their respective parties. The  
3 legislative ex officio members shall have business experience.

4 3. The voting members of the board shall be appointed as  
5 follows:

6 a. One individual from the advanced manufacturing  
7 industry, appointed by the governor.

8 b. One individual from the life science industry,  
9 appointed by the governor.

10 c. One individual from the information technology  
11 industry, appointed by the governor.

12 d. One individual from the investment banking industry,  
13 appointed by the governor.

14 e. One individual from the economic development community  
15 who resides and works in a county with a population ranking in  
16 the lowest one-third of county populations as measured by the  
17 2000 census, appointed by the governor.

18 f. One individual from the economic development community  
19 who resides and works in a county with a population ranking in  
20 the middle one-third of county populations as measured by the  
21 2000 census, appointed by the governor.

22 g. One individual from the economic development community  
23 who resides and works in a county with a population ranking in  
24 the highest one-third of county populations as measured by the  
25 2000 census, appointed by the governor.

26 h. One individual from a statewide agricultural  
27 organization, appointed by the governor.

28 i. One representative of a labor union, appointed by the  
29 governor.

30 j. One representative from a private college or  
31 university, appointed by the governor.

32 k. One representative from the community college system,  
33 appointed by the governor.

34 l. One individual with demonstrated significant experience  
35 in small business, appointed by the governor.

1 m. One representative of the university of Iowa, the  
2 university of northern Iowa, or Iowa state university of  
3 science and technology, designated by the state board of  
4 regents.

5 n. Two individuals from private industry appointed by the  
6 house of representatives. One individual shall be appointed  
7 by the speaker of the house of representatives and one  
8 individual shall be appointed by the minority leader in the  
9 house of representatives.

10 o. Two individuals from private industry appointed by the  
11 senate. One individual shall be appointed by the president of  
12 the senate and one individual shall be appointed by the  
13 minority leader in the senate.

14 4. All appointments shall comply with sections 69.16 and  
15 69.16A. The appointments listed in subsection 3, paragraphs  
16 "a" through "l", shall be subject to confirmation by the  
17 senate. Of the members appointed by the governor, at least  
18 two members shall be members of the Iowa economic development  
19 board created in section 15.103. A majority of the voting  
20 members of the board listed in subsection 3, paragraphs "a"  
21 through "l", shall be from the private sector.

22 5. The voting members of the board listed in subsection 3,  
23 paragraphs "a" through "l", shall be residents of different  
24 counties.

25 6. The chairperson and vice chairperson shall be elected  
26 by the voting members of the board from the voting membership  
27 of the board. In the case of the absence or disability of the  
28 chairperson and vice chairperson, the voting members of the  
29 board shall elect a temporary chairperson by a majority vote  
30 of those members who are present and voting provided a quorum  
31 is present.

32 7. The voting members of the board shall annually elect a  
33 five-member executive council of the board consisting of  
34 voting members of the board with at least three of the members  
35 being from private industry. The board shall determine the

1 duties of the council.

2 8. The members of the board shall be appointed to three-  
3 year staggered terms and the terms shall commence and end as  
4 provided in section 69.19. If a vacancy occurs, a successor  
5 shall be appointed in the same manner and subject to the same  
6 qualifications as the original appointment to serve the  
7 unexpired term.

8 9. A majority of the board constitutes a quorum.

9 Sec. 4. NEW SECTION. 15G.104 BOARD DUTIES.

10 The board shall do all of the following:

11 1. Organize.

12 2. Oversee and administer the Iowa values fund.

13 3. Develop a five-year strategic plan with an annual  
14 operating plan to share with the Iowa economic development  
15 board for consideration in the developing of a departmentwide  
16 strategic plan.

17 4. Develop a long-range strategic plan designed to address  
18 economic development-related issues through the year 2020.

19 5. Develop and assist the department in implementing  
20 activities addressing all of the following economic foundation  
21 issues of the economy:

22 a. Skilled and adaptable human resources.

23 b. Access to technologies on which new products and  
24 processes are based.

25 c. Availability of financial capital to support new  
26 ventures, expansion of existing companies, and reinvestment in  
27 transition industries.

28 d. Support of advanced physical infrastructure for  
29 transportation, communications, energy and water, and waste  
30 handling.

31 e. A review of the regulatory and taxation environment and  
32 business climate resulting in recommendations to balance  
33 competitiveness.

34 6. Focus on nondiscriminatory market expansion and foster  
35 a competitive and open environment. The board shall not be a

1 mechanism to allocate markets, fix prices, or stifle  
2 competition.

3 7. By January 15 of each year, submit a written report to  
4 the general assembly reviewing the activities of the board  
5 during the previous calendar year. The report shall also  
6 include an annual audit of moneys appropriated from the fund  
7 and a statement regarding return on investments.

8 Sec. 5. NEW SECTION. 15G.105 IOWA VALUES FUND.

9 An Iowa values fund is created as a separate fund in the  
10 state treasury under the control of the board, consisting of  
11 any moneys appropriated by the general assembly and any other  
12 moneys available to and obtained or accepted by the board for  
13 placement in the fund. Payments of interest, repayments of  
14 moneys loaned pursuant to this chapter, and recaptures of  
15 grants or loans shall be deposited in the fund. Moneys in the  
16 fund are not subject to section 8.33. Notwithstanding section  
17 12C.7, interest or earnings on moneys in the fund shall be  
18 credited to the fund.

19 Sec. 6. DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.

20 1. There is appropriated from the Iowa values fund created  
21 in section 15G.105 to the department of economic development  
22 for the fiscal period beginning July 1, 2003, and ending June  
23 30, 2008, the following amounts, or so much thereof as is  
24 necessary, to be used for the purposes designated:

25 For programs administered by the department of economic  
26 development:

27	FY 2003-2004.....	\$ 95,000,000
28	FY 2004-2005.....	\$ 70,000,000
29	FY 2005-2006.....	\$ 65,000,000
30	FY 2006-2007.....	\$ 65,000,000
31	FY 2007-2008.....	\$ 55,000,000

32 2. Notwithstanding section 8.33, moneys that remain  
33 unexpended at the end of a fiscal year shall not revert to any  
34 fund but shall remain available for expenditure for the  
35 designated purposes during the succeeding fiscal year.

1 3. Each year that moneys are appropriated under this  
2 section, the board shall allocate a percentage of the moneys  
3 for each of the following types of activities:

- 4 a. Business start-ups.
- 5 b. Business expansion.
- 6 c. Business modernization.
- 7 d. Business attraction.
- 8 e. Business retention.
- 9 f. Marketing.

10 4. An applicant for moneys appropriated under this section  
11 shall be required by the department to include in the  
12 application a statement regarding the intended return on  
13 investment. A recipient of moneys appropriated under this  
14 section shall annually submit a statement to the department  
15 regarding the progress achieved on the intended return on  
16 investment stated in the application. The department, in  
17 cooperation with the department of revenue and finance, shall  
18 develop a method of identifying and tracking each new job  
19 created through financial assistance from moneys appropriated  
20 under this section.

21 5. Of the moneys appropriated under this section, at least  
22 \$50,000,000 shall be used for value-added agricultural  
23 purposes.

24 6. The department may use moneys appropriated under this  
25 section for information technology purposes and for  
26 transportation-related purposes. If moneys are used for  
27 transportation purposes, the transportation purposes must be  
28 directly related to an economic development project and the  
29 moneys must be used to leverage other financial assistance  
30 moneys.

31 7. Of the moneys appropriated under this section, the  
32 department may use one-quarter of one percent for  
33 administrative purposes.

34 Sec. 7. COMMUNITY ATTRACTION AND TOURISM FUND  
35 APPROPRIATION.

1 1. There is appropriated from the Iowa values fund created  
2 in section 15G.105 to the office of the treasurer of state for  
3 the fiscal period beginning July 1, 2004, and ending June 30,  
4 2007, the following amounts, or so much thereof as is  
5 necessary, to be used for the purpose designated:

6	For deposit in the community attraction and tourism fund	
7	created in section 15F.204:	
8	FY 2004-2005.....	\$ 15,000,000
9	FY 2005-2006.....	\$ 15,000,000
10	FY 2006-2007.....	\$ 15,000,000

11 2. Notwithstanding section 8.33, moneys that remain  
12 unexpended at the end of a fiscal year shall not revert to any  
13 fund but shall remain available for expenditure for the  
14 designated purposes during the succeeding fiscal year.

15 3. Not more than \$2,500,000 of the moneys appropriated  
16 each fiscal year under this section shall be used for trails  
17 and bicycle facilities located in or connecting to cultural  
18 and entertainment districts certified under section 303.3B.

19 Sec. 8. IOWA CULTURAL TRUST FUND APPROPRIATION.

20 1. There is appropriated from the Iowa values fund created  
21 in section 15G.105 to the office of the treasurer of state,  
22 for the fiscal year beginning July 1, 2003, and ending June  
23 30, 2004, the following amount, or so much thereof as is  
24 necessary, to be used for the purpose designated:

25	For deposit in the Iowa cultural trust fund created in	
26	section 303A.4:	
27	.....	\$ 5,000,000

28 2. Notwithstanding section 8.33, moneys that remain  
29 unexpended at the end of a fiscal year shall not revert to any  
30 fund but shall remain available for expenditure for the  
31 designated purposes during the succeeding fiscal year.

32 Sec. 9. SECURE AN ADVANCED VISION FOR EDUCATION FUND  
33 APPROPRIATION.

34 1. There is appropriated from the Iowa values fund created  
35 in section 15G.105 to the department of revenue and finance,

1 for the fiscal year beginning July 1, 2003, and ending June  
2 30, 2004, the following amount, or so much thereof as is  
3 necessary, to be used for the purpose designated:

4 For deposit in the secure an advanced vision for education  
5 fund created in section 422E.3A:

6 ..... \$300,000,000

7 2. Notwithstanding section 8.33, moneys that remain  
8 unexpended at the end of a fiscal year shall not revert to any  
9 fund but shall remain available for expenditure for the  
10 designated purposes during the succeeding fiscal year.

11 Sec. 10. UNIVERSITY AND COLLEGE FINANCIAL ASSISTANCE  
12 APPROPRIATION.

13 1. There is appropriated from the Iowa values fund created  
14 in section 15G.105 to the Iowa values board for the fiscal  
15 year beginning July 1, 2003, and ending June 30, 2004, the  
16 following amounts, or so much thereof as is necessary, to be  
17 used for the purpose designated:

18 For financial assistance for institutions of higher  
19 learning under the control of the state board of regents and  
20 for accredited private institutions as defined in section  
21 261.9 for accelerating new business creation, a national  
22 center for food safety and security, innovation accelerators  
23 and business parks, incubator facilities, transgenic animal  
24 facilities, transgenic plant facilities, protein extraction  
25 facilities, containment facilities, and bioanalytical,  
26 biochemical, chemical, and microbiological support facilities:

27 ..... \$ 50,000,000

28 2. Notwithstanding section 8.33, moneys that remain  
29 unexpended at the end of a fiscal year shall not revert to any  
30 fund but shall remain available for expenditure for the  
31 designated purposes during the succeeding fiscal year.

32 3. In the distribution of moneys appropriated pursuant to  
33 this section, the Iowa values board shall examine the  
34 potential for using moneys appropriated pursuant to this  
35 section to leverage other moneys for financial assistance to

1 accredited private institutions.

2 4. Of the moneys appropriated under this section, not less  
3 than \$10,000,000 in financial assistance shall be awarded to  
4 the university of Iowa, not less than \$10,000,000 in financial  
5 assistance shall be awarded to Iowa state university of  
6 science and technology, and not less than \$5,000,000 in  
7 financial assistance shall be awarded to the university of  
8 northern Iowa.

9 Sec. 11. REHABILITATION PROJECT TAX CREDITS APPROPRIATION.

10 1. There is appropriated from the Iowa values fund created  
11 in section 15G.105 to the general fund of the state, for the  
12 fiscal period beginning July 1, 2003, and ending June 30,  
13 2005, the following amounts, or so much thereof as is  
14 necessary, to be used for the purpose designated:

15 For payment of tax credits approved pursuant to section  
16 404A.4 for projects located in certified cultural and  
17 entertainment districts:

18	FY 2003-2004.....	\$ 2,000,000
19	FY 2004-2005.....	\$ 2,000,000

20 2. Notwithstanding section 8.33, moneys that remain  
21 unexpended at the end of a fiscal year shall not revert to any  
22 fund but shall remain available for expenditure for the  
23 designated purposes during the succeeding fiscal year.

24 Sec. 12. ENDOW IOWA SEED GRANTS APPROPRIATION.

25 1. There is appropriated from the Iowa values fund created  
26 in section 15G.105 to the department of economic development  
27 for the fiscal year beginning July 1, 2003, and ending June  
28 30, 2004, the following amount, or so much thereof as is  
29 necessary, to be used for the purpose designated:

30 For endow Iowa seed grants to lead philanthropic entities  
31 pursuant to section 15E.224:  
32 ..... \$2,000,000

33 2. Notwithstanding section 8.33, moneys that remain  
34 unexpended at the end of a fiscal year shall not revert to any  
35 fund but shall remain available for expenditure for the



1 designated purposes during the succeeding fiscal year.

2 Sec. 13. STATE PARKS AND DESTINATION PARKS APPROPRIATION.

3 1. There is appropriated from the Iowa values fund created  
4 in section 15G.105 to the Iowa values board for the fiscal  
5 year beginning July 1, 2003, and ending June 30, 2004, the  
6 following amount, or so much thereof as is necessary, to be  
7 used for the purpose designated:

8 For the purpose of providing financial assistance for state  
9 parks and destination parks:

10 FY 2003-2004..... \$ 7,000,000

11 2. Notwithstanding section 8.33, moneys that remain  
12 unexpended at the end of a fiscal year shall not revert to any  
13 fund but shall remain available for expenditure for the  
14 designated purposes during the succeeding fiscal year.

15 3. The department of natural resources, in cooperation  
16 with the department of economic development, shall submit a  
17 plan to the Iowa values board for the expenditure of moneys  
18 appropriated under this section. The plan shall focus on  
19 improving state parks and destination parks for economic  
20 development purposes. Based on the report submitted, the Iowa  
21 values board shall provide financial assistance to the  
22 department of natural resources for support of state parks and  
23 destination parks.

24 Sec. 14. ECONOMIC DEVELOPMENT REGION FINANCIAL ASSISTANCE  
25 APPROPRIATION.

26 1. There is appropriated from the Iowa values fund created  
27 in section 15G.105 to the department of economic development  
28 for the fiscal year beginning July 1, 2003, and ending June  
29 30, 2004, the following amount, or so much thereof as is  
30 necessary, to be used for the purpose designated:

31 For providing financial assistance under section 15E.232,  
32 subsections 3, 4, 5, and 6 and under section 15E.233:

33 ..... \$ 30,000,000

34 2. Notwithstanding section 8.33, moneys that remain  
35 unexpended at the end of a fiscal year shall not revert to any

1 fund but shall remain available for expenditure for the  
2 designated purposes during the succeeding fiscal year.

3 Sec. 15. ECONOMIC DEVELOPMENT REGION REVOLVING FUND  
4 CONTRIBUTION TAX CREDITS APPROPRIATION.

5 1. There is appropriated from the Iowa values fund created  
6 in section 15G.105 to the general fund of the state, for the  
7 fiscal period beginning July 1, 2003, and ending June 30,  
8 2008, the following amounts, or so much thereof as is  
9 necessary, to be used for the purpose designated:

10 For payment of tax credits approved pursuant to section  
11 15E.232:

12	FY 2003-2004.....	\$ 4,000,000
13	FY 2004-2005.....	\$ 4,000,000
14	FY 2005-2006.....	\$ 4,000,000
15	FY 2006-2007.....	\$ 4,000,000
16	FY 2007-2008.....	\$ 4,000,000

17 2. Notwithstanding section 8.33, moneys that remain  
18 unexpended at the end of a fiscal year shall not revert to any  
19 fund but shall remain available for expenditure for the  
20 designated purposes during the succeeding fiscal year.

21 3. Any moneys appropriated under this section that remain  
22 unexpended on June 30, 2008, are appropriated from the general  
23 fund of the state to the department of economic development  
24 for the fiscal year beginning July 1, 2008, and ending June  
25 30, 2009, to be used for providing financial assistance under  
26 section 15E.232, subsections 3, 4, 5, and 6.

27 DIVISION II

28 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES

29 FINANCIAL ASSISTANCE PROGRAM

30 Sec. 16. Section 15E.111, subsection 1, Code 2003, is  
31 amended to read as follows:

32 1. a. The department shall establish a value-added  
33 agricultural products and processes financial assistance  
34 program. The department shall consult with the Iowa corn  
35 growers association and the Iowa soybean association. The

1 purpose of the program is to encourage the increased  
2 utilization of agricultural commodities produced in this  
3 state. The program shall assist in efforts to revitalize  
4 rural regions of this state, by committing resources to  
5 provide financial assistance to new or existing value-added  
6 production facilities. In awarding financial assistance, the  
7 department shall commit resources to assist the following:

8 a- (1) Facilities which are involved in the development of  
9 new innovative products and processes related to agriculture.  
10 The facility must do either of the following: produce a good  
11 derived from an agricultural commodity, if the good is not  
12 commonly produced from an agricultural commodity; or use a  
13 process to produce a good derived from an agricultural  
14 process, if the process is not commonly used to produce the  
15 good.

16 b- (2) Renewable fuel production facilities. As used in  
17 this section, "renewable fuel" means an energy source which is  
18 derived from an organic compound capable of powering  
19 machinery, including an engine or power plant.

20 (3) Agricultural business facilities in the agricultural  
21 biotechnology industry, agricultural biomass industry, and  
22 alternative energy industry. For purposes of this subsection:

23 (a) "Agricultural biomass industry" means businesses that  
24 utilize agricultural commodity crops, agricultural by-  
25 products, or animal feedstock in the production of chemicals,  
26 protein products, or other high-value products.

27 (b) "Agricultural biotechnology industry" means businesses  
28 that utilize scientifically enhanced plants or animals that  
29 can be raised by producers and used in the production of high-  
30 value products.

31 (c) "Alternative energy industry" includes businesses  
32 involved in the production of ethanol or biodiesel or in the  
33 production of wind energy.

34 (4) Facilities that add value to Iowa agricultural  
35 commodities through further processing and development of

1 organic products and emerging markets.

2 (5) Producer-owned, value-added businesses, education of  
3 producers and management boards in value-added businesses, and  
4 other activities that would support the infrastructure in the  
5 development of value-added agriculture.

6 b. Financial assistance awarded under this section may be  
7 in the form of a loan, loan guarantee, grant, production  
8 incentive payment, or a combination of financial assistance.  
9 The department shall not award more than twenty-five percent  
10 of the amount allocated to the value-added agricultural  
11 products and processes financial assistance fund during any  
12 fiscal year to support a single person. The department may  
13 finance any size of facility. However, the department shall  
14 may reserve up to fifty percent of the total amount allocated  
15 to the fund, for purposes of assisting persons requiring one  
16 five hundred thousand dollars or less in financial assistance.  
17 The amount shall be reserved until the end of the third  
18 quarter of the fiscal year. The department shall not provide  
19 financial assistance to support a value-added production  
20 facility if the facility or a person owning a controlling  
21 interest in the facility has demonstrated a continuous and  
22 flagrant disregard for the health and safety of its employees  
23 or the quality of the environment. Evidence of such disregard  
24 shall include a history of serious or uncorrected violations  
25 of state or federal law protecting occupational health and  
26 safety or the environment, including but not limited to  
27 serious or uncorrected violations of occupational safety and  
28 health standards enforced by the division of labor services of  
29 the department of workforce development pursuant to chapter  
30 84A, or rules enforced by the department of natural resources  
31 pursuant to chapter 455B or 459, subchapters II and III.

32

DIVISION III

33

ENDOW IOWA SEED GRANTS AND TAX CREDITS

34

Sec. 17. NEW SECTION. 15E.221 SHORT TITLE.

35

This division shall be known as and may be cited as the

1 "Endow Iowa Program Act".

2 Sec. 18. NEW SECTION. 15E.222 PURPOSE.

3 The purpose of this division is to enhance the quality of  
4 life for citizens of this state through increased  
5 philanthropic activity by providing seed capital to citizen  
6 groups of this state organized to establish endowment funds  
7 that will address community needs. The purpose of this  
8 division is also to encourage individuals, businesses, and  
9 organizations to invest in community foundations.

10 Sec. 19. NEW SECTION. 15E.223 DEFINITIONS.

11 As used in this division, unless the context otherwise  
12 requires:

13 1. "Board" means the governing board of the lead  
14 philanthropic entity identified by the department pursuant to  
15 section 15E.224.

16 2. "Business" means a business operating within the state  
17 and includes individuals operating a sole proprietorship or  
18 having rental, royalty, or farm income in this state and  
19 includes a consortium of businesses.

20 3. "Community affiliate organization" means a group of  
21 five or more community leaders or advocates organized for the  
22 purpose of increasing philanthropic activity in an identified  
23 community or geographic area in this state with the intention  
24 of establishing a community affiliate endowment fund.

25 4. "Endowment gift" means an irrevocable contribution to a  
26 permanent endowment held by a qualified community foundation.

27 5. "Lead philanthropic entity" means the entity identified  
28 by the department pursuant to section 15E.224.

29 6. "Qualified community foundation" means a community  
30 foundation organized or operating in this state that meets or  
31 exceeds the national standards established by the national  
32 council on foundations.

33 Sec. 20. NEW SECTION. 15E.224 ENDOW IOWA SEED GRANTS.

34 1. The department shall identify a lead philanthropic  
35 entity for purposes of encouraging the development of

1 qualified community foundations in this state. A lead  
2 philanthropic entity shall meet all of the following  
3 qualifications:

4 a. The entity shall be a nonprofit entity which is exempt  
5 from federal income taxation pursuant to section 501(c)(3) of  
6 the Internal Revenue Code.

7 b. The entity shall be a statewide organization with  
8 membership consisting of organizations, such as community,  
9 corporate, and private foundations, whose principal function  
10 is the making of grants within this state of Iowa.

11 c. The entity shall have a minimum of forty members and  
12 that membership shall include qualified community foundations.

13 2. A lead philanthropic entity may receive a grant from  
14 the department. The board shall use the grant moneys to award  
15 endow Iowa seed grants to community affiliate organizations  
16 that do all of the following:

17 a. Provide the board with all information required by the  
18 board.

19 b. Demonstrate a dollar-for-dollar funding match in a form  
20 approved by the board.

21 c. Identify a qualified community foundation to hold all  
22 funds.

23 d. Provide a plan to the board demonstrating the method  
24 for distributing grant moneys received from the board to  
25 charities within the community or geographic area as defined  
26 by the community affiliate organization.

27 3. Endow Iowa seed grants shall not exceed twenty-five  
28 thousand dollars per community affiliate organization unless a  
29 community affiliate organization demonstrates a multiple  
30 county or regional approach. Endow Iowa seed grants may be  
31 awarded on an annual basis with not more than three grants  
32 going to one county in a fiscal year.

33 4. In ranking applications for grants, the board shall  
34 consider a variety of factors including the following:

35 a. The demonstrated need for financial assistance to

1 create a community affiliate endowment fund.

2 b. The potential for future philanthropic activity in the  
3 area represented by or being considered for assistance.

4 c. The proportion of the funding match being provided.

5 d. The demonstrated need for the creation of a community  
6 affiliate endowment fund in the applicant's geographic area.

7 e. The identification of community needs and the manner in  
8 which additional funding will address those needs.

9 f. The geographic diversity of awards.

10 5. Of any moneys received by a lead philanthropic entity  
11 from the state, not more than five percent of such moneys  
12 shall be used by the entity for administrative purposes.

13 Sec. 21. NEW SECTION. 15E.225 ENDOW IOWA TAX CREDIT.

14 1. For tax years beginning on or after January 1, 2003, a  
15 tax credit shall be allowed against the taxes imposed in  
16 chapter 422, divisions II, III, and V, and in chapter 432, and  
17 against the moneys and credits tax imposed in section 533.24  
18 equal to twenty percent of a taxpayer's endowment gift to a  
19 qualified community foundation. An individual may claim a tax  
20 credit under this section of a partnership, limited liability  
21 company, S corporation, estate, or trust electing to have  
22 income taxed directly to the individual. The amount claimed  
23 by the individual shall be based upon the pro rata share of  
24 the individual's earnings from the partnership, limited  
25 liability company, S corporation, estate, or trust. A tax  
26 credit shall be allowed only for an endowment gift made to a  
27 qualified community foundation for a permanent endowment fund  
28 established to benefit a charitable cause in this state. Any  
29 tax credit in excess of the taxpayer's tax liability for the  
30 tax year may be credited to the tax liability for the  
31 following five years or until depleted, whichever occurs  
32 first. A tax credit shall not be carried back to a tax year  
33 prior to the tax year in which the taxpayer claims the tax  
34 credit.

35 2. The aggregate amount of tax credits authorized pursuant

1 to this section shall not exceed a total of two million  
2 dollars. The maximum amount of tax credits granted to a  
3 taxpayer shall not exceed five percent of the aggregate amount  
4 of tax credits authorized.

5 3. A tax credit shall not be transferable to any other  
6 taxpayer.

7 4. A tax credit shall not be authorized pursuant to this  
8 section after December 31, 2005.

9 5. The department shall develop a system for registration  
10 and authorization of tax credits under this section and shall  
11 control the distribution of all tax credits to taxpayers  
12 providing an endowment gift subject to this section. The  
13 department shall adopt administrative rules pursuant to  
14 chapter 17A for the qualification and administration of  
15 endowment gifts.

16 Sec. 22. NEW SECTION. 15E.226 REPORTS -- AUDITS.

17 By January 31 of each year, the lead philanthropic entity,  
18 in cooperation with the department, shall publish an annual  
19 report of the activities conducted pursuant to this division  
20 during the previous calendar year and shall submit the report  
21 to the governor and the general assembly. The annual report  
22 shall include a listing of endowment funds and the amount of  
23 tax credits authorized by the department.

24 Sec. 23. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.

25 The tax imposed under this division, less the credits  
26 allowed under sections 422.12 and 422.12B, shall be reduced by  
27 an endow Iowa tax credit authorized pursuant to section  
28 15E.225.

29 Sec. 24. Section 422.33, Code 2003, is amended by adding  
30 the following new subsection:

31 NEW SUBSECTION. 14. The taxes imposed under this division  
32 shall be reduced by an endow Iowa tax credit authorized  
33 pursuant to section 15E.225.

34 Sec. 25. Section 422.60, Code 2003, is amended by adding  
35 the following new subsection:



1 NEW SUBSECTION. 7. The taxes imposed under this division  
2 shall be reduced by an endow Iowa tax credit authorized  
3 pursuant to section 15E.225.

4 Sec. 26. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.

5 The tax imposed under this chapter shall be reduced by an  
6 endow Iowa tax credit authorized pursuant to section 15E.225.

7 Sec. 27. Section 533.24, Code 2003, is amended by adding  
8 the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax  
10 imposed under this section shall be reduced by an endow Iowa  
11 tax credit authorized pursuant to section 15E.225.

12 Sec. 28. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
13 This division of this Act, being deemed of immediate  
14 importance, takes effect upon enactment and is retroactively  
15 applicable to January 1, 2003, for tax years beginning on or  
16 after that date.

17 DIVISION IV

18 ECONOMIC DEVELOPMENT REGIONS

19 Sec. 29. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT  
20 REGIONS.

21 1. In order for an economic development region to receive  
22 moneys from the Iowa values fund created in section 15G.105,  
23 the organization of an economic development region must be  
24 approved by the Iowa values board established in section  
25 15G.103. The board shall approve an economic development  
26 region that meets the following criteria:

27 a. The region consists of not less than three contiguous  
28 counties. Upon the recommendation of the director of the  
29 department of economic development, this paragraph may be  
30 waived by the board.

31 b. The region establishes a single, focused economic  
32 development effort, approved by the board, that shall include  
33 the development of a regional development plan and regional  
34 marketing strategies. Regional marketing strategies must be  
35 focused on marketing the region collectively.

1     2. An approved economic development region may create an  
2 economic development region revolving fund as provided in  
3 section 15E.232.

4     Sec. 30. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT  
5 REGION REVOLVING FUNDS -- TAX CREDITS.

6     1. An economic development region approved pursuant to  
7 section 15E.231 may create an economic development region  
8 revolving fund.

9     2. a. A nongovernmental entity making a contribution to  
10 an economic development region revolving fund at any time  
11 prior to July 1, 2008, may claim a tax credit equal to twenty  
12 percent of the amount contributed to the revolving fund. The  
13 tax credit shall be allowed against taxes imposed in chapter  
14 422, divisions II, III, and V, and in chapter 432, and against  
15 the moneys and credits tax imposed in section 533.24. An  
16 individual may claim under this subsection the tax credit of a  
17 partnership, limited liability company, S corporation, estate,  
18 or trust electing to have income taxed directly to the  
19 individual. The amount claimed by the individual shall be  
20 based upon the pro rata share of the individual's earnings  
21 from the partnership, limited liability company, S  
22 corporation, estate, or trust. Any tax credit in excess of  
23 the taxpayer's liability for the tax year may be credited to  
24 the tax liability for the following seven years or until  
25 depleted, whichever occurs first. A tax credit shall not be  
26 carried back to a tax year prior to the tax year in which the  
27 taxpayer redeems the tax credit. A tax credit under this  
28 section is not transferable.

29     b. The aggregate amount of tax credits authorized pursuant  
30 to this subsection shall not total more than twenty million  
31 dollars. The total amount of tax credits authorized during a  
32 fiscal year shall not exceed four million dollars plus any  
33 unused tax credits carried over from previous years. Any tax  
34 credits which remain unused for a fiscal year may be carried  
35 forward to the succeeding fiscal year. The maximum amount of

1 tax credits that may be authorized in a fiscal year for  
2 contributions made to a specific economic development region  
3 revolving fund is equal to four million dollars plus any  
4 unused tax credits carried over from previous years divided by  
5 the number of economic development region revolving funds  
6 existing in the state.

7 c. The department of economic development shall administer  
8 the authorization of tax credits under this section and shall,  
9 in cooperation with the department of revenue and finance,  
10 adopt rules pursuant to chapter 17A necessary for the  
11 administration of this section.

12 3. An approved economic development region may apply for  
13 financial assistance from the Iowa values fund to assist with  
14 physical infrastructure needs related to a specific business  
15 partner. In order to receive financial assistance pursuant to  
16 this subsection, the economic development region must  
17 demonstrate all of the following:

18 a. The ability to provide matching moneys on a one to one  
19 basis.

20 b. The commitment of the specific business partner.

21 c. That all other funding alternatives have been  
22 exhausted.

23 4. An approved economic development region may apply for  
24 financial assistance from the Iowa values fund to assist an  
25 existing business located in the economic development region  
26 impacted by business consolidation actions. Business  
27 consolidation actions include a substantial or total closure  
28 of an existing business due to consolidating the existing  
29 business out of state. In order to receive financial  
30 assistance pursuant to this subsection, the economic  
31 development region must demonstrate the ability to provide  
32 matching moneys on a one-to-one basis.

33 5. An approved economic development region may apply for  
34 financial assistance to implement economic development  
35 initiatives unique to the region. In order to receive

1 financial assistance pursuant to this subsection, the economic  
2 development region must demonstrate the ability to provide  
3 matching moneys on a one-to-one basis.

4 6. An approved economic development region may apply for  
5 financial assistance to implement innovative initiatives that  
6 do not qualify for assistance under subsection 5.

7 7. The board may establish and administer a regional  
8 economic development revenue sharing pilot project for one or  
9 more regions. Not more than three pilot projects shall be  
10 established. The department of economic development shall  
11 provide technical assistance to the regions participating in a  
12 pilot project.

13 8. Financial assistance under subsections 3, 4, 5, and 6  
14 and section 15E.233 shall be limited to a total of thirty  
15 million dollars.

16 Sec. 31. NEW SECTION. 15E.233 ECONOMICALLY ISOLATED  
17 AREAS.

18 1. An approved economic development region may apply to  
19 the Iowa values board for approval to be designated as an  
20 economically isolated area. In order to be considered an  
21 economically isolated area, the region must have at least one  
22 county that meets all of the following criteria:

23 a. A majority of the land area of the county is located at  
24 least forty miles away from a major commercial area, as  
25 determined by the board. Major commercial areas include all  
26 of the following:

- 27 (1) Burlington.
- 28 (2) Carroll.
- 29 (3) Cedar Rapids.
- 30 (4) Clinton.
- 31 (5) Council Bluffs.
- 32 (6) Davenport.
- 33 (7) Des Moines.
- 34 (8) Dubuque.
- 35 (9) Fort Dodge.

- 1 (10) Iowa City.
- 2 (11) Marshalltown.
- 3 (12) Mason City.
- 4 (13) Ottumwa.
- 5 (14) Sioux City.
- 6 (15) Spencer.
- 7 (16) Storm Lake.
- 8 (17) Waterloo.

9 b. The county has at least one of the following:

10 (1) Per capita income that ranks in the lowest twenty-five  
11 counties in the state based on the 2000 census.

12 (2) An annualized average weekly wage for employees in  
13 private business that ranks in the lowest twenty-five counties  
14 in the state in calendar year 2000.

15 2. An approved economically isolated area may apply to the  
16 department of economic development for up to seven hundred  
17 fifty thousand dollars over a five-year period for purposes of  
18 economic-development-related marketing assistance for the  
19 area. In order to receive financial assistance pursuant to  
20 this subsection, the economic development region must  
21 demonstrate the ability to provide matching moneys on a one-  
22 to-one basis.

23 Sec. 32. NEW SECTION. 422.11I ECONOMIC DEVELOPMENT  
24 REGION REVOLVING FUND TAX CREDIT.

25 The taxes imposed under this division, less the credits  
26 allowed under sections 422.12 and 422.12B, shall be reduced by  
27 an economic development region revolving fund contribution tax  
28 credit authorized pursuant to section 15E.232.

29 Sec. 33. Section 422.33, Code 2003, is amended by adding  
30 the following new subsection:

31 NEW SUBSECTION. 15. The taxes imposed under this division  
32 shall be reduced by an economic development region revolving  
33 fund contribution tax credit authorized pursuant to section  
34 15E.232.

35 Sec. 34. Section 422.60, Code 2003, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 8. The taxes imposed under this division  
3 shall be reduced by an economic development region revolving  
4 fund contribution tax credit authorized pursuant to section  
5 15E.232.

6 Sec. 35. NEW SECTION. 432.12E ECONOMIC DEVELOPMENT  
7 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

8 The tax imposed under this chapter shall be reduced by an  
9 economic development region tax credit authorized pursuant to  
10 section 15E.232.

11 Sec. 36. Section 533.24, Code 2003, is amended by adding  
12 the following new unnumbered paragraph after unnumbered  
13 paragraph 4:

14 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax  
15 imposed under this section shall be reduced by an economic  
16 development region revolving fund contribution tax credit  
17 authorized pursuant to section 15E.232.

18 DIVISION V

19 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

20 Sec. 37. NEW SECTION. 260C.18A WORKFORCE TRAINING AND  
21 ECONOMIC DEVELOPMENT FUNDS.

22 1. a. A workforce training and economic development fund  
23 is created for each community college. Moneys shall be  
24 deposited and expended from a fund as provided under this  
25 section.

26 b. Moneys in the funds shall consist of any moneys  
27 appropriated by the general assembly and any other moneys  
28 available to and obtained or accepted by the department of  
29 economic development from federal sources or private sources  
30 for placement in the funds. Notwithstanding section 8.33,  
31 moneys in the funds at the end of each fiscal year shall not  
32 revert to any other fund but shall remain in the funds for  
33 expenditure in subsequent fiscal years.

34 2. On July 1 of each year for the fiscal year beginning  
35 July 1, 2003, through the fiscal year beginning July 1, 2007,

1 moneys from the Iowa values fund created in section 15G.105  
2 are appropriated to the department of economic development for  
3 deposit in the workforce training and economic development  
4 funds in amounts determined pursuant to subsection 3. On July  
5 1 of each year for fiscal years beginning on or after July 1,  
6 2008, moneys from the general fund of the state are  
7 appropriated to the department of economic development for  
8 deposit in the workforce training and economic development  
9 funds in amounts determined pursuant to subsection 3. Moneys  
10 deposited in the funds and disbursed to community colleges for  
11 a fiscal year shall be expended for the following purposes,  
12 provided seventy percent of the moneys shall be used on  
13 projects in the areas of advanced manufacturing, information  
14 technology and insurance, and life sciences which include the  
15 areas of biotechnology, health care technology, and nursing  
16 care technology:

17 a. Projects in which an agreement between a community  
18 college and an employer located within the community college's  
19 merged area meet all of the requirements of the accelerated  
20 career education program under chapter 260G.

21 b. Projects in which an agreement between a community  
22 college and a business meet all the requirements of the Iowa  
23 jobs training Act under chapter 260F. However, when moneys  
24 are provided through the Iowa values fund for such projects,  
25 sections 260F.6, subsections 1 and 2, and section 260F.8 shall  
26 not apply and projects shall be approved by the Iowa values  
27 board.

28 c. For the development and implementation of career  
29 academies designed to provide new career preparation  
30 opportunities for high school students that are formally  
31 linked with postsecondary career and technical education  
32 programs. For purposes of this section, "career academy"  
33 means a program of study that combines a minimum of two years  
34 of secondary education with an associate degree, or the  
35 equivalent, career preparatory program in a nonduplicative,

1 sequential course of study that is standards based, integrates  
2 academic and technical instruction, utilizes work-based and  
3 worksite learning where appropriate and available, utilizes an  
4 individual career planning process with parent involvement,  
5 and leads to an associate degree or postsecondary diploma or  
6 certificate in a career field that prepares an individual for  
7 entry and advancement in a high-skill and reward career field  
8 and further education. The state board of education, in  
9 conjunction with the division of community colleges and  
10 workforce preparation of the department of education, shall  
11 adopt administrative rules for the development and  
12 implementation of such career academies pursuant to section  
13 256.11, subsection 5, paragraph "h", section 260C.1, and Title  
14 II of Pub. L. No. 105-332, Carl D. Perkins Vocational and  
15 Technical Education Act of 1998.

16 d. Programs and courses that provide vocational and  
17 technical training, and programs for in-service training and  
18 retraining under section 260C.1, subsections 2 and 3.

19 3. The maximum cumulative total amount of moneys that may  
20 be deposited in all the workforce training and economic  
21 development funds for distribution to community colleges in a  
22 fiscal year shall be determined as follows:

23 a. Five million dollars for the fiscal year beginning July  
24 1, 2003.

25 b. Ten million dollars for the fiscal year beginning July  
26 1, 2004.

27 c. Fifteen million dollars for the fiscal year beginning  
28 July 1, 2005.

29 d. Twenty million dollars for the fiscal year beginning  
30 July 1, 2006.

31 e. Twenty-five million dollars for the fiscal year  
32 beginning July 1, 2007.

33 f. For the fiscal year beginning July 1, 2008, and each  
34 succeeding fiscal year, the Iowa values board shall make a  
35 determination if sufficient moneys exist in the Iowa values



1 fund to distribute to community colleges.

2 4. The department of economic development shall allocate  
3 the moneys appropriated pursuant to this section to the  
4 community college workforce training and economic development  
5 funds utilizing the same distribution formula used for the  
6 allocation of state general aid to the community colleges.

7 Sec. 38. Section 260G.3, subsection 2, Code 2003, is  
8 amended to read as follows:

9 2. An agreement may include reasonable and necessary  
10 provisions to implement the accelerated career education  
11 program. If an agreement that utilizes program job credits is  
12 entered into, the community college and the employer shall  
13 notify the department of revenue and finance as soon as  
14 possible. The community college shall also file a copy of the  
15 agreement with the department of economic development as  
16 required in section 260G.4B. The agreement shall provide for  
17 program costs, including deferred costs, which may be paid  
18 from any of the following sources:

19 a. Program job credits which the employer receives based  
20 on the number of program job positions agreed to by the  
21 employer to be available under the agreement.

22 b. Cash or in-kind contributions by the employer toward  
23 the program cost. At a minimum, the employer contribution  
24 shall be twenty percent of the program costs.

25 c. Tuition, student fees, or special charges fixed by the  
26 board of directors to defray program costs.

27 d. Guarantee by the employer of payments to be received  
28 under paragraphs "a" and "b".

29 e. Moneys from a workforce training and economic  
30 development fund created in section 260C.18A, based on the  
31 number of program job positions agreed to by the employer to  
32 be available under the agreement, the amount of which shall be  
33 calculated in the same manner as the program job credits  
34 provided for in section 260G.4A.

35

DIVISION VI

## 1 SCHOOL INFRASTRUCTURE

2 Sec. 39. Section 296.1, Code 2003, is amended to read as  
3 follows:

## 4 296.1 INDEBTEDNESS AUTHORIZED.

5 Subject to the approval of the voters thereof, school  
6 districts are hereby authorized to contract indebtedness and  
7 to issue general obligation bonds to provide funds to defray  
8 the cost of purchasing, building, furnishing, reconstructing,  
9 repairing, improving or remodeling a schoolhouse or  
10 schoolhouses and additions thereto, gymnasium, stadium, field  
11 house, school bus garage, ~~teachers'-or-superintendent's-home~~  
12 ~~or-homes~~, and procuring a site or sites therefor, or  
13 purchasing land to add to a site already owned, or procuring  
14 and improving a site for an athletic field, or improving a  
15 site already owned for an athletic field, and for any one or  
16 more of such purposes. Taxes for the payment of ~~said~~ the  
17 bonds shall be levied in accordance with chapter 76, and ~~said~~  
18 the bonds shall mature within a period not exceeding twenty  
19 years from date of issue, shall bear interest at a rate or  
20 rates not exceeding that permitted by chapter 74A and shall be  
21 of such form as the board of directors of ~~such~~ the school  
22 district shall by resolution provide, but the aggregate  
23 indebtedness of any school district shall not exceed five  
24 percent of the actual value of the taxable property within  
25 ~~said~~ the school district, as ascertained by the last preceding  
26 state and county tax lists.

27 Sec. 40. Section 422E.1, subsections 2 and 3, Code 2003,  
28 are amended to read as follows:

29 2. The maximum rate of tax shall be one percent. The tax  
30 shall be imposed without regard to any other local sales and  
31 services tax authorized in chapter 422B, and is repealed at  
32 the expiration of a period of ten years of imposition or a  
33 shorter period as provided in the ballot proposition.

34 However, all local option sales and services taxes for school  
35 infrastructure purposes are repealed December 31, 2022.

1       3. Local sales and services tax moneys received by a  
2 county for school infrastructure purposes pursuant to this  
3 chapter shall be utilized ~~solely~~ for school infrastructure  
4 needs or property tax relief. For purposes of this chapter,  
5 "school infrastructure" means those activities for which a  
6 school district is authorized to contract indebtedness and  
7 issue general obligation bonds under section 296.1, except  
8 those activities related to a teacher's or superintendent's  
9 home or homes. These activities include the construction,  
10 reconstruction, repair, purchasing, or remodeling of  
11 schoolhouses, stadiums, gyms, fieldhouses, and bus garages and  
12 the procurement of schoolhouse construction sites and the  
13 making of site improvements and those activities for which  
14 revenues under section 298.3 or 300.2 may be spent.

15 Additionally, "school infrastructure" includes the payment or  
16 retirement of outstanding bonds previously issued for school  
17 infrastructure purposes as defined in this subsection, and the  
18 payment or retirement of bonds issued under section 422E.4.

19       Sec. 41. Section 422E.2, subsection 3, Code 2003, is  
20 amended to read as follows:

21       3. The county commissioner of elections shall submit the  
22 question of imposition of a local sales and services tax for  
23 school infrastructure purposes at a state general election or  
24 at a special election held at any time other than the time of  
25 a city regular election. The election shall not be held  
26 sooner than sixty days after publication of notice of the  
27 ballot proposition. The ballot proposition shall specify the  
28 rate of tax, the date the tax will be imposed and repealed,  
29 and shall contain a statement as to the specific purpose or  
30 purposes for which the revenues shall be expended. The  
31 content of the ballot proposition shall be substantially  
32 similar to the petition of the board of supervisors or motions  
33 of a school district or school districts requesting the  
34 election as provided in subsection 2, as applicable, including  
35 the rate of tax, imposition and repeal date, and the specific

1 purpose or purposes for which the revenues will be expended.

2 The dates for the imposition and repeal of the tax shall be as  
3 provided in subsection 1. The rate of tax shall not be more  
4 than one percent ~~as set by the county board of supervisors.~~  
5 The state commissioner of elections shall establish by rule  
6 the form for the ballot proposition which form shall be  
7 uniform throughout the state.

8 Sec. 42. Section 422E.2, Code 2003, is amended by adding  
9 the following new subsection:

10 NEW SUBSECTION. 3A. a. Each school district located  
11 within the county may submit a revenue purpose statement to  
12 the county commissioner of elections no later than sixty days  
13 prior to the election indicating the specific purpose or  
14 purposes for which the local sales and services tax for school  
15 infrastructure revenue and supplemental school infrastructure  
16 amount revenue will be expended. The revenues received  
17 pursuant to this chapter shall be expended for the purposes  
18 indicated in the revenue purpose statement. The revenue  
19 purpose statement may include information regarding the school  
20 district's use of the revenues to provide for property tax  
21 relief or debt reduction. A copy of the revenue purpose  
22 statement shall be made available for public inspection in  
23 accordance with chapter 22, shall be posted at the appropriate  
24 polling places of each school district during the hours that  
25 the polls are open, and be published in a newspaper of general  
26 circulation in the school district no sooner than twenty days  
27 and no later than ten days prior to the election.

28 b. If a revenue purpose statement is not submitted sixty  
29 days prior to the election or revenues remain after fulfilling  
30 the purpose specified in the revenue purpose statement, the  
31 revenues shall be used to reduce the following levies in the  
32 following order:

33 (1) Bond levies under sections 298.18 and 298.18A and all  
34 other debt levies, until the moneys received or the levies are  
35 reduced to zero.

1 (2) The regular physical plant and equipment levy under  
2 section 298.2, until the moneys received or the levy is  
3 reduced to zero.

4 (3) The voter-approved physical plant and equipment levy  
5 and income surtax, if any, under section 298.2, until the  
6 moneys received or the levy and income surtax, if any, is  
7 reduced to zero.

8 (4) The public educational and recreational levy under  
9 section 300.2, until the moneys received or the levy is  
10 reduced to zero.

11 (5) The schoolhouse tax levy under section 278.1,  
12 subsection 7, Code 1989, until the moneys received or the levy  
13 is reduced to zero.

14 Any money remaining after the reduction of the levies  
15 specified in this paragraph "b" may be used for any authorized  
16 infrastructure purpose of the school district.

17 c. Counties holding an election on the local sales and  
18 services tax for school infrastructure purposes on or after  
19 April 1, 2003, but before July 1, 2003, which approve the  
20 imposition of the tax at the election shall expend the  
21 revenues for any authorized infrastructure purpose of the  
22 school district.

23 Sec. 43. Section 422E.2, subsection 4, Code 2003, is  
24 amended to read as follows:

25 4. a. The tax may be repealed or the rate increased, but  
26 not above one percent, or decreased, or the use of the  
27 revenues changed after an election at which a majority of  
28 those voting on the question of repeal, or rate change, or  
29 change in use favored the repeal, or rate change, or change in  
30 use. The election at which the question of repeal, or rate  
31 change, or change in use is offered shall be called and held  
32 in the same manner and under the same conditions as provided  
33 in this section for the election on the imposition of the tax.  
34 However, an election on the change in use shall only be held  
35 in the school district where the change in use is proposed to

1 occur. The election may be held at any time but not sooner  
2 than sixty days following publication of the ballot  
3 proposition. However, the tax shall not be repealed before it  
4 has been in effect for one year.

5 b. Within ten days of the election at which a majority of  
6 those voting on the question favors the imposition, repeal, or  
7 change in the rate of the tax, the county auditor shall give  
8 written notice of the result of the election by sending a copy  
9 of the abstract of the votes from the favorable election to  
10 the director of revenue and finance. Election costs shall be  
11 apportioned among school districts within the county on a pro  
12 rata basis in proportion to the number of registered voters in  
13 each school district who reside within the county and the  
14 total number of registered voters within the county.

15 c. A local option sales and services tax shall not be  
16 repealed or reduced in rate if obligations are outstanding  
17 which are payable as provided in section 422E.4, unless funds  
18 sufficient to pay the principal, interest, and premium, if  
19 any, on the outstanding obligations at and prior to maturity  
20 have been properly set aside and pledged for that purpose.  
21 However, this paragraph does not apply to the repeal of the  
22 tax on December 31, 2022, as specified in section 422E.1,  
23 subsection 2.

24 Sec. 44. Section 422E.3, subsection 4, Code 2003, is  
25 amended to read as follows:

26 4. The director of revenue and finance shall credit tax  
27 receipts and interest and penalties from the local sales and  
28 services tax for school infrastructure purposes to an account  
29 within the ~~county's local sales and services tax fund, as~~  
30 ~~created in section 422B.10, subsection 1~~ secure an advanced  
31 vision for education fund, as provided in section 422E.3A,  
32 maintained in the name of the school district or school  
33 districts located within the county. If the director is  
34 unable to determine from which county any of the receipts were  
35 collected, those receipts shall be allocated among the

1 possible counties based on allocation rules adopted by the  
2 director.

3 Sec. 45. Section 422E.3, subsection 5, unnumbered  
4 paragraph 1, Code 2003, is amended to read as follows:

5 d. (1) If more than one school district, or a portion of  
6 a school district, is located within the county, tax receipts  
7 shall be remitted to each school district or portion of a  
8 school district in which the county tax is imposed in a pro  
9 rata share based upon the ratio which the ~~percentage-of~~ actual  
10 enrollment for the school district that attends school in the  
11 county bears to ~~the-percentage-of~~ the total combined actual  
12 enrollments for all school districts that attend school in the  
13 county.

14 (2) The combined actual enrollment for a county, for  
15 purposes of this section, shall be determined for each county  
16 ~~imposing-a-sales-and-services-tax-for-school-infrastructure~~  
17 ~~purposes~~ by the department of management based on the actual  
18 enrollment figures reported by October 1 to the department of  
19 management by the department of education pursuant to section  
20 257.6, subsection 1. The combined actual enrollment count  
21 shall be forwarded to the director of ~~the-department-of~~  
22 ~~management~~ revenue and finance by March 1, annually, for  
23 purposes of supplying estimated tax payment figures and making  
24 estimated tax payments pursuant to this section for the  
25 following fiscal year.

26 e. Notwithstanding the amount of tax receipts credited to  
27 the account within the secure an advanced vision for education  
28 fund maintained in the name of a school district, the amount  
29 of tax receipts the school district shall receive from the tax  
30 imposed in the county shall be determined as provided in  
31 section 422E.3A, subsection 2.

32 Sec. 46. Section 422E.3, subsection 7, Code 2003, is  
33 amended to read as follows:

34 7. Construction contractors may make application to the  
35 department for a refund of the additional local sales and

1 services tax paid under this chapter by reason of taxes paid  
2 on goods, wares, or merchandise under the conditions specified  
3 in section 422B.11. The refund shall be paid by the  
4 department from the appropriate school district's account in  
5 the ~~local-sales-and-services-tax~~ secure an advanced vision for  
6 education fund. The penalty provisions contained in section  
7 422B.11, subsection 3, shall apply regarding an erroneous  
8 application for refund of local sales and services tax paid  
9 under this chapter.

10 Sec. 47. NEW SECTION. 422E.3A SECURE AN ADVANCED VISION  
11 FOR EDUCATION FUND.

12 1. A secure an advanced vision for education fund is  
13 created as a separate and distinct fund in the state treasury  
14 under the control of the department of revenue and finance.  
15 Moneys in the fund include revenues credited to the fund  
16 pursuant to this chapter, appropriations made to the fund, and  
17 other moneys deposited into the fund. Any amounts disbursed  
18 from the fund shall be utilized for school infrastructure  
19 purposes or property tax relief.

20 2. The moneys credited in a fiscal year to the secure an  
21 advanced vision for education fund shall be distributed as  
22 follows:

23 a. A school district that is located in whole or in part  
24 in a county that voted on and approved prior to April 1, 2003,  
25 the local sales and services tax for school infrastructure  
26 purposes and that has a sales tax capacity per student above  
27 the guaranteed school infrastructure amount shall receive an  
28 amount equal to its pro rata share of the local sales and  
29 services tax receipts as provided in section 422E.3,  
30 subsection 5, paragraph "d".

31 b. (1) A school district that is located in whole or in  
32 part in a county that voted on and approved prior to April 1,  
33 2003, the local sales and services tax for school  
34 infrastructure purposes and that has a sales tax capacity per  
35 student below its guaranteed school infrastructure amount



1 shall receive an amount equal to its pro rata share of the  
2 local sales and services tax receipts as provided in section  
3 422E.3, subsection 5, paragraph "d", plus an amount equal to  
4 its supplemental school infrastructure amount.

5 (2) A school district that is located in whole or in part  
6 in a county that voted on and approved on or after April 1,  
7 2003, the local sales and services tax for school  
8 infrastructure purposes shall receive an amount equal to its  
9 pro rata share of the local sales and services tax receipts as  
10 provided in section 422E.3, subsection 5, paragraph "d", not  
11 to exceed its guaranteed school infrastructure amount.  
12 However, if the school district's pro rata share is less than  
13 its guaranteed school infrastructure amount, the district  
14 shall receive an additional amount equal to its supplemental  
15 school infrastructure amount.

16 (3) A school district that is located in whole or in part  
17 in a county that voted on and approved the continuation of on  
18 or after April 1, 2003, the local sales and services tax for  
19 school infrastructure purposes shall receive an amount equal  
20 to its pro rata share of the local sales and services tax  
21 receipts as provided in section 422E.3, subsection 5,  
22 paragraph "d", not to exceed its guaranteed school  
23 infrastructure amount. However, if the school district's pro  
24 rata share is less than its guaranteed school infrastructure  
25 amount, the district shall receive an additional amount equal  
26 to its supplemental school infrastructure amount.

27 (4) The amount distributed under this paragraph "b" which  
28 a school district receives shall not exceed the guaranteed  
29 school infrastructure amount. A school district qualifying  
30 for a supplemental school infrastructure amount pursuant to  
31 this paragraph "b" shall not receive more than the guaranteed  
32 school infrastructure amount in any subsequent year.

33 c. In the case of a school district located in more than  
34 one county, the amount to be distributed to the school  
35 district shall be separately computed for each county based

1 upon the school district's actual enrollment that attends  
2 school in the county.

3 3. a. The director of revenue and finance by June 1  
4 preceding each fiscal year shall compute the guaranteed school  
5 infrastructure amount for each school district, each school  
6 district's sales tax capacity per student for each county, the  
7 statewide tax revenues per student, and the supplemental  
8 school infrastructure amount for the coming fiscal year.

9 b. For purposes of distributions under subsection 2:

10 (1) "Guaranteed school infrastructure amount" means for a  
11 school district the statewide tax revenues per student,  
12 multiplied by the quotient of the tax rate percent imposed in  
13 the county, divided by one percent and multiplied by the  
14 quotient of the number of quarters the tax is imposed during  
15 the fiscal year divided by four quarters.

16 (2) "Sales tax capacity per student" means for a school  
17 district the estimated amount of revenues that a school  
18 district receives or would receive if a local sales and  
19 services tax for school infrastructure purposes is imposed at  
20 one percent in the county pursuant to section 422E.2, divided  
21 by the school district's actual enrollment as determined in  
22 section 422E.3, subsection 5, paragraph "d".

23 (3) "Statewide tax revenues per student" means the amount  
24 determined by estimating the total revenues that would be  
25 generated by a one percent local option sales and services tax  
26 for school infrastructure purposes if imposed by all the  
27 counties during the entire fiscal year and dividing this  
28 estimated revenue amount by the sum of the combined actual  
29 enrollment for all counties as determined in section 422E.3,  
30 subsection 5, paragraph "d", subparagraph (2).

31 (4) "Supplemental school infrastructure amount" means the  
32 guaranteed school infrastructure amount for the school  
33 district less its pro rata share of local sales and services  
34 tax for school infrastructure purposes as provided in section  
35 422E.3, subsection 5, paragraph "d".

1 4. a. For the purposes of distribution under subsection  
2 2, paragraph "b", subparagraph (1), a school district with a  
3 sales tax capacity per student below its guaranteed school  
4 infrastructure amount shall use the amount equal to the  
5 guaranteed school infrastructure amount less the pro rata  
6 share amount in accordance with section 422E.3, subsection 5,  
7 paragraph "d", for the purpose of paying principal and  
8 interest on outstanding bonds previously issued for school  
9 infrastructure purposes as defined in section 422E.1,  
10 subsection 3. Any money remaining after the payment of all  
11 principal and interest on outstanding bonds previously issued  
12 for infrastructure purposes may be used for any authorized  
13 infrastructure purpose of the school district. If a majority  
14 of the voters in the school district approves the use of  
15 revenue pursuant to a revenue purpose statement in an election  
16 held after July 1, 2003, in the school district pursuant to  
17 section 422E.2, the school district may use the amount for the  
18 purposes specified in its revenue purpose statement.

19 b. Nothing in this section shall prevent a school district  
20 from using its sales tax capacity per student or guaranteed  
21 school infrastructure amount to pay principal and interest on  
22 obligations issued pursuant to section 422E.4.

23 5. In the case of a deficiency in the fund to pay the  
24 supplemental school infrastructure amounts in full, the amount  
25 available in the fund less the sales and services tax revenues  
26 for school infrastructure purposes attributed to each school  
27 district should be allocated based on the proportion of actual  
28 enrollment in the district to the combined actual enrollment  
29 in the counties where the sales and services tax for school  
30 infrastructure purposes has been imposed and the school  
31 districts in the counties qualify for the supplemental school  
32 infrastructure amount.

33 6. A school district with less than two hundred fifty  
34 actual enrollment or less than one hundred actual enrollment  
35 in the high school shall not expend the supplemental school

1 infrastructure amount received for new construction or for  
2 payments for bonds issued for new construction against the  
3 supplemental school infrastructure amount without prior  
4 application to the department of education and receipt of a  
5 certificate of need pursuant to this subsection. However, a  
6 certificate of need is not required for the payment of  
7 outstanding bonds issued for new construction pursuant to  
8 section 296.1, before April 1, 2003. A certification of need  
9 is also not required for repairing schoolhouses or buildings,  
10 equipment, technology, or transportation equipment for  
11 transporting students as provided in section 298.3, or for  
12 construction necessary for compliance with the federal  
13 Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-  
14 12117. In determining whether a certificate of need shall be  
15 issued, the department shall consider all of the following:

- 16 a. Enrollment trends in the grades that will be served at  
17 the new construction site.
- 18 b. The infeasibility of remodeling, reconstructing, or  
19 repairing existing buildings.
- 20 c. The fire and health safety needs of the school  
21 district.
- 22 d. The distance, convenience, cost of transportation, and  
23 accessibility of the new construction site to the students to  
24 be served at the new construction site.
- 25 e. Availability of alternative, less costly, or more  
26 effective means of serving the needs of the students.
- 27 f. The financial condition of the school district,  
28 including the effect of the decline of the budget guarantee  
29 and unspent balance.
- 30 g. The broad and long-term ability of the school district  
31 to support the facility and the quality of the academic  
32 program.
- 33 h. Cooperation with other educational entities including  
34 other school districts, area education agencies, postsecondary  
35 institutions, and local communities.

1     Sec. 48. Section 422E.4, unnumbered paragraphs 1 and 2,  
2 Code 2003, are amended to read as follows:

3     The board of directors of a school district shall be  
4 authorized to issue negotiable, interest-bearing school bonds,  
5 without election, and utilize tax receipts derived from the  
6 sales and services tax for school infrastructure purposes and  
7 the supplemental school infrastructure amount distributed  
8 pursuant to section 422E.3A, subsection 2, paragraph "b", for  
9 principal and interest repayment. Proceeds of the bonds  
10 issued pursuant to this section shall be utilized solely for  
11 school infrastructure needs as school infrastructure is  
12 defined in section 422E.1, subsection 3. Issuance of bonds  
13 pursuant to this section shall be permitted only in a district  
14 which has imposed a local sales and services tax for school  
15 infrastructure purposes pursuant to section 422E.2. The  
16 provisions of sections 298.22 through 298.24 shall apply  
17 regarding the form, rate of interest, registration,  
18 redemption, and recording of bond issues pursuant to this  
19 section, with the exception that the maximum period during  
20 which principal on the bonds is payable shall not exceed a  
21 ~~ten-year-period,~~ or the date of repeal stated on the ballot  
22 proposition.

23     A school district in which a local option sales tax for  
24 school infrastructure purposes has been imposed shall be  
25 authorized to enter into a chapter 28E agreement with one or  
26 more cities or a county whose boundaries encompass all or a  
27 part of the area of the school district. A city or cities  
28 entering into a chapter 28E agreement shall be authorized to  
29 expend its designated portion of the local option sales and  
30 services tax revenues for any valid purpose permitted in this  
31 chapter or authorized by the governing body of the city. A  
32 county entering into a chapter 28E agreement with a school  
33 district in which a local option sales tax for school  
34 infrastructure purposes has been imposed shall be authorized  
35 to expend its designated portion of the local option sales and

1 services tax revenues to provide property tax relief within  
2 the boundaries of the school district located in the county.  
3 A school district where a local option sales and services tax  
4 is imposed is also authorized to enter into a chapter 28E  
5 agreement with another school district, a community college,  
6 or an area education agency which is located partially or  
7 entirely in or is contiguous to the county where the tax is  
8 imposed. The school district or community college shall only  
9 expend its designated portion of the local option sales and  
10 services tax for infrastructure purposes. The area education  
11 agency shall only expend its designated portion of the local  
12 option school infrastructure sales tax for infrastructure and  
13 maintenance purposes.

14 Sec. 49. NEW SECTION. 422E.6 REPEAL.

15 This chapter is repealed June 30, 2023, for fiscal years  
16 beginning after that date.

17 Sec. 50. EFFECTIVE DATE. This division of this Act, being  
18 deemed of immediate importance, takes effect upon enactment.

19 DIVISION VII

20 CULTURAL AND ENTERTAINMENT DISTRICTS --

21 REHABILITATION PROJECT TAX CREDITS

22 Sec. 51. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT  
23 DISTRICTS.

24 1. The department of cultural affairs shall establish and  
25 administer a cultural and entertainment district certification  
26 program. The program shall encourage the revitalization of  
27 communities through the development of areas within a city or  
28 county for public and private uses related to cultural and  
29 entertainment purposes.

30 2. A city or county may create and designate a cultural  
31 and entertainment district subject to certification by the  
32 department of cultural affairs, in consultation with the  
33 department of economic development. A cultural and  
34 entertainment district shall consist of a geographic area not  
35 exceeding one square mile in size. A cultural and

1 entertainment district certification shall remain in effect  
2 for ten years following the date of certification. Two or  
3 more cities or counties may apply jointly for certification of  
4 a district that extends across a common boundary. Through the  
5 adoption of administrative rules, the department of cultural  
6 affairs shall develop a certification application for use in  
7 the certification process.

8 3. The department of cultural affairs shall encourage  
9 development projects and activities located in certified  
10 cultural and entertainment districts through incentives under  
11 cultural grant programs pursuant to section 303.3, chapter  
12 303A, and any other grant programs.

13 Sec. 52. Section 404A.4, subsection 4, Code 2003, is  
14 amended to read as follows:

15 4. The total amount of tax credits that may be approved  
16 for a fiscal year under this chapter shall not exceed two  
17 million four hundred thousand dollars. For the fiscal years  
18 beginning July 1, 2003, and July 1, 2004, an additional one  
19 million dollars of tax credits may be approved each fiscal  
20 year for purposes of projects located in cultural and  
21 entertainment districts certified pursuant to section 303.3B.  
22 Any of the additional tax credits allocated for projects  
23 located in certified cultural and entertainment districts that  
24 are not approved during a fiscal year may be carried over to  
25 the succeeding fiscal year. Tax credit certificates shall be  
26 issued on the basis of the earliest awarding of certifications  
27 of completion as provided in subsection 1. The departments of  
28 economic development and revenue and finance shall each adopt  
29 rules to jointly administer this subsection and shall provide  
30 by rule for the method to be used to determine for which  
31 fiscal year the tax credits are approved.

32 DIVISION VIII

33 SMALL BUSINESS ADVISORY COUNCIL

34 Sec. 53. Section 15.108, subsection 7, paragraph h, Code  
35 2003, is amended by striking the paragraph.

1 EXPLANATION

2 This bill relates to economic development by creating an  
3 Iowa values board and Iowa values fund, modifying the value-  
4 added agricultural products and processes financial assistance  
5 program, providing endow Iowa seed grants and endow Iowa tax  
6 credits, providing funding and tax credits for economic  
7 development regions, creating workforce training and economic  
8 development funds for community colleges, establishing a  
9 school financing program for school infrastructure purposes,  
10 creating a cultural and entertainment district certification  
11 program, increasing the availability of the rehabilitation tax  
12 credits, and eliminating a small business advisory council.

13 DIVISION I -- This division of the bill creates an Iowa  
14 values board and fund.

15 The division creates an Iowa values board consisting of 17  
16 voting members and five ex officio, nonvoting members. The  
17 division provides that the board shall be located for  
18 administrative purposes within the department of economic  
19 development. The division provides that, in performing its  
20 functions, the board is performing a public function on behalf  
21 of the state and is a public instrumentality of the state.  
22 The division provides that all voting members of the board  
23 shall be residents of different counties and the chairperson  
24 and vice chairperson shall be elected by the voting members of  
25 the board from the voting membership of the board. The  
26 division provides that the voting members of the board shall  
27 annually elect a five-member executive council of the board  
28 consisting of voting members of the board. The division  
29 provides that the members of the board shall be appointed to  
30 three-year staggered terms.

31 The division provides that the board shall do all of the  
32 following:

- 33 1. Organize.
- 34 2. Oversee and administer the Iowa values fund.
- 35 3. Develop a five-year strategic plan with an annual



1 operating plan to share with the Iowa economic development  
2 board for consideration in the developing of a departmentwide  
3 strategic plan.

4 4. Develop a long-range strategic plan designed to address  
5 economic development-related issues through the year 2020.

6 5. Develop and assist the department in implementing  
7 activities addressing skilled and adaptable human resources;  
8 access to technologies on which new products and processes are  
9 based; availability of financial capital to support new  
10 ventures, expansion of existing companies, and reinvestment in  
11 transition industries; support of advanced physical  
12 infrastructure for transportation, communications, energy and  
13 water, and waste handling; and a review of the regulatory and  
14 taxation environment and business climate resulting in  
15 recommendations to balance competitiveness.

16 6. Focus on nondiscriminatory market expansion and foster  
17 a competitive and open environment.

18 7. By January 15 of each year, submit a written report to  
19 the general assembly reviewing the activities of the board  
20 during the previous calendar year.

21 The division creates an Iowa values fund as a separate fund  
22 in the state treasury under the control of the board,  
23 consisting of any moneys appropriated by the general assembly  
24 and any other moneys available to and obtained or accepted by  
25 the board for placement in the fund.

26 The division makes the following appropriations from the  
27 Iowa values fund:

28 1. To the department of economic development for the  
29 fiscal period beginning July 1, 2003, and ending June 30,  
30 2008, \$350 million for programs administered by the department  
31 of economic development. The division provides that each year  
32 that moneys are appropriated under this section, the board  
33 shall allocate a percentage of the moneys for business start-  
34 ups, business expansion, business modernization, business  
35 attraction, business retention, and marketing. The division

1 requires applicants for moneys appropriated from the Iowa  
2 values fund to include in the application a statement  
3 regarding the intended return on investment. The division  
4 requires recipients of the moneys to annually submit a  
5 statement to the department of economic development regarding  
6 the progress achieved on the intended return on investment  
7 stated in the application and the department of economic  
8 development shall forward the information received to the  
9 department of revenue and finance. The division requires at  
10 least \$50 million of the moneys appropriated to be used for  
11 value-added agricultural purposes. The division allows moneys  
12 appropriated to be used for information technology and  
13 transportation-related purposes. The division allows the  
14 department to use one-quarter of 1 percent of the moneys  
15 appropriated for administrative purposes.

16 2. To the office of the treasurer of state for the fiscal  
17 period beginning July 1, 2004, and ending June 30, 2007, \$45  
18 million for deposit in the community attraction and tourism  
19 fund. The division requires that not more than \$2.5 million  
20 of the moneys appropriated each fiscal year shall be used for  
21 trails and bicycle facilities located in or connecting to  
22 certified cultural and entertainment districts.

23 3. To the office of the treasurer of state, for the fiscal  
24 year beginning July 1, 2003, and ending June 30, 2004, \$5  
25 million for deposit in the Iowa cultural trust fund.

26 4. To the department of revenue and finance, for the  
27 fiscal year beginning July 1, 2003, and ending June 30, 2004,  
28 \$300 million for deposit in the secure an advanced vision for  
29 education fund created in the bill.

30 5. To the Iowa values board for the fiscal year beginning  
31 July 1, 2003, and ending June 30, 2004, \$50 million for  
32 financial assistance for institutions of higher learning under  
33 the control of the state board of regents and accredited  
34 private institutions for accelerating new business creation, a  
35 national center for food safety and security, innovation

1 accelerators and business parks, incubator facilities,  
2 transgenic animal facilities, transgenic plant facilities,  
3 protein extraction facilities, containment facilities, and  
4 bioanalytical, biochemical, chemical, and microbiological  
5 support facilities.

6 6. To the general fund of the state, for the fiscal period  
7 beginning July 1, 2003, and ending June 30, 2005, \$2 million  
8 each fiscal year for payment of rehabilitation project tax  
9 credits for projects located in certified cultural and  
10 entertainment districts.

11 7. To the department of economic development for the  
12 fiscal year beginning July 1, 2003, and ending June 30, 2004,  
13 \$2 million for endow Iowa seed grants to lead philanthropic  
14 entities.

15 8. To the Iowa values board for the fiscal year beginning  
16 July 1, 2003, and ending June 30, 2004, \$7 million for  
17 purposes of providing financial assistance for state parks and  
18 destination parks. The division requires the department of  
19 natural resources, in cooperation with the department of  
20 economic development, to submit a plan to the Iowa values  
21 board for the expenditure of moneys appropriated to the board  
22 for financial assistance for state parks and destination  
23 parks. The plan shall focus on improving state parks and  
24 destination parks for economic development purposes.

25 9. To the department of economic development for the  
26 fiscal year beginning July 1, 2003, and ending June 30, 2004,  
27 \$30 million for providing financial assistance to economic  
28 development regions and economically isolated areas.

29 10. To the general fund of the state, for the fiscal  
30 period beginning July 1, 2003, and ending June 30, 2008, \$20  
31 million for payment of economic development region revolving  
32 fund tax credits.

33 DIVISION II -- This division of the bill relates to the  
34 value-added agricultural products and processes financial  
35 assistance program.

1 The division adds three new purposes for which financial  
2 assistance may be received under the program. The division  
3 adds the following purposes:

4 1. Agricultural business facilities in the agricultural  
5 biotechnology industry, agricultural biomass industry, and  
6 alternative energy industry.

7 2. Facilities that add value to Iowa agricultural  
8 commodities through further processing and development of  
9 organic products and emerging markets.

10 3. Producer-owned, value-added businesses, education of  
11 producers and management boards in value-added businesses, and  
12 other activities that would support the infrastructure in the  
13 development of value-added agriculture.

14 The division provides that the department of economic  
15 development may reserve up to 50 percent of the total amount  
16 allocated to the fund, for purposes of assisting persons  
17 requiring \$500,000 or less in financial assistance.  
18 Currently, the department is required to reserve up to 50  
19 percent of the total amount allocated to the fund for purposes  
20 of assisting persons requiring \$100,000 or less in financial  
21 assistance.

22 DIVISION III -- This division of the bill relates to endow  
23 Iowa seed grants made by a lead philanthropic entity  
24 identified by the department of economic development and  
25 corresponding tax credits.

26 The division requires the department to identify a lead  
27 philanthropic entity for purposes of encouraging the  
28 development of qualified community foundations in the state.  
29 The division provides that a lead philanthropic entity shall  
30 be a nonprofit entity which is exempt from federal income  
31 taxation pursuant to section 501(c)(3) of the Internal Revenue  
32 Code; be a statewide organization with membership consisting  
33 of organizations, such as community, corporate, and private  
34 foundations, whose principal function is the making of grants  
35 within the state; and have a minimum of 40 members with that

1 membership including Iowa community foundations meeting the  
2 standards established by the national council on foundations.

3 The division provides that a lead philanthropic entity may  
4 receive a grant from the department which shall be used to  
5 award endow Iowa seed grants to community affiliate  
6 organizations meeting certain criteria. The division defines  
7 "community affiliate organizations" as a group of five or more  
8 community leaders or advocates organized for the purpose of  
9 increasing philanthropic activity in an identified community  
10 or geographic area in this state with the intention of  
11 establishing a community affiliate endowment fund. The  
12 division provides that endow Iowa seed grants shall not exceed  
13 \$25,000 per community affiliate organization unless a  
14 community affiliate organization demonstrates a multiple  
15 county or regional approach. The division provides that endow  
16 Iowa seed grants may be awarded on an annual basis with not  
17 more than three grants going to one county in a fiscal year.  
18 The division limits a lead philanthropic entity to using not  
19 more than 5 percent of moneys received from the state for  
20 administrative purposes.

21 The division provides that for tax years beginning on or  
22 after January 1, 2003, a tax credit shall be allowed against  
23 individual and corporate income taxes, the franchise tax for  
24 financial institutions, the insurance premium tax, and the  
25 moneys and credits tax for credit unions equal to 20 percent  
26 of a taxpayer's endowment gift to a qualified community  
27 foundation. The division provides that a tax credit shall be  
28 allowed only for an endowment gift made to a qualified  
29 community foundation for a permanent endowment fund  
30 established to benefit a charitable cause in the state. The  
31 division provides that any tax credit in excess of the  
32 taxpayer's tax liability for the tax year may be credited to  
33 the tax liability for the following five years or until  
34 depleted, whichever occurs first, and a tax credit cannot be  
35 carried back to a tax prior to the tax year in which the

1 taxpayer claims the tax credit. The division provides that  
2 the aggregate amount of tax credits authorized shall not  
3 exceed a total of \$2 million. The division limits the amount  
4 of tax credits granted to a taxpayer to 5 percent of the  
5 aggregate amount of tax credits authorized. The division  
6 provides that the tax credit shall not be transferable to any  
7 other taxpayer. The division provides that a tax credit shall  
8 not be authorized after December 31, 2005. The division  
9 requires the department to develop a system for registration  
10 and authorization of tax credits and to control distribution  
11 of all tax credits to taxpayers providing an endowment gift.

12 The division provides that, by January 31 of each year, the  
13 lead philanthropic entity, in cooperation with the department,  
14 shall publish an annual report of the activities conducted  
15 pursuant to this division during the previous calendar year  
16 and shall submit the report to the governor and the general  
17 assembly.

18 This division of the bill takes effect upon enactment and  
19 is retroactively applicable to January 1, 2003, for tax years  
20 beginning on or after that date.

21 DIVISION IV -- This division of the bill relates to  
22 economic development regions, economic development region  
23 revolving funds, and related tax credits.

24 The division provides that in order for an economic  
25 development region to receive moneys from the Iowa values  
26 fund, the organization of the economic development region must  
27 be approved by the Iowa values board. The division provides  
28 that the board shall approve an economic development region  
29 that consists of not less than three contiguous counties and  
30 establishes a single, focused economic development effort,  
31 approved by the board, that shall include the development of a  
32 regional development plan and regional marketing strategies.  
33 The division provides that an approved economic development  
34 region may create an economic development region revolving  
35 fund.

1 The division provides that a nongovernmental entity making  
2 a contribution to an economic development region revolving  
3 fund at any time prior to July 1, 2008, may claim a tax credit  
4 equal to 20 percent of the amount contributed to the revolving  
5 fund. The tax credit shall be allowed against personal and  
6 corporate income tax, the franchise tax for financial  
7 institutions, the insurance premium tax, and the moneys and  
8 credits tax for credit unions. The division provides that any  
9 tax credit in excess of the taxpayer's liability for the tax  
10 year may be credited to the tax liability for the following  
11 seven years or until depleted, whichever occurs first. The  
12 division provides that the tax credit shall not be carried  
13 back to a tax year prior to the tax year in which the taxpayer  
14 redeems the tax credit and is not transferable. The division  
15 provides that the aggregate amount of tax credits authorized  
16 shall not total more than \$20 million. The division provides  
17 that the total amount of tax credits authorized during a  
18 fiscal year shall not exceed \$4 million plus any unused tax  
19 credits carried over from previous years. Any tax credits  
20 which remain unused for a fiscal year may be carried forward  
21 to the succeeding fiscal year. The division provides that the  
22 maximum amount of tax credits that may be authorized in a  
23 fiscal year for contributions made to a specific economic  
24 development region revolving fund is equal to \$4 million plus  
25 any unused tax credits carried over from previous years  
26 divided by the number of economic development region revolving  
27 funds existing in the state.

28 The division provides that an approved economic development  
29 region may apply for financial assistance from the Iowa values  
30 fund to assist with physical infrastructure needs related to a  
31 specific business partner. The division provides that an  
32 approved economic development region may apply for financial  
33 assistance from the Iowa values fund to assist an existing  
34 business located in the economic development region impacted  
35 by business consolidation actions. The division provides that

1 an approved economic development region may apply for  
2 financial assistance to implement economic development  
3 initiatives unique to the region. The division provides that  
4 an approved economic development region may apply for  
5 financial assistance to implement innovative initiatives that  
6 do not qualify for other financial assistance from the fund.  
7 The division requires the Iowa values board to establish and  
8 administer a regional economic development revenue sharing  
9 pilot project for one or more regions. The division provides  
10 that direct financial assistance under this section of the  
11 division shall total not more than \$30 million.

12 The division provides that an approved economic development  
13 region may apply to the Iowa values board for approval as an  
14 economically isolated area. In order to be considered an  
15 economically isolated area, the region must have at least one  
16 county that has a majority of the land area of the county  
17 located at least 40 miles away from a major commercial area,  
18 as determined by the board, and the county has either a per  
19 capita income that ranks in the lowest 25 counties in the  
20 state based on the 2000 census or has an annualized average  
21 weekly wage for employees in private business that ranks in  
22 the lowest 25 counties in the state in calendar year 2000.  
23 The division provides that an approved economically isolated  
24 area is eligible to apply to the department of economic  
25 development for up to \$750,000 over a five-year period for  
26 purposes of economic-development-related marketing assistance  
27 for the area.

28 DIVISION V -- This division of the bill relates to  
29 workforce training and economic development funds for  
30 community colleges and makes related appropriations.

31 The division creates one workforce training and economic  
32 development fund for each community college. The division  
33 provides that moneys in the funds shall consist of any moneys  
34 appropriated by the general assembly and any other moneys  
35 available to and obtained or accepted by the department of



1 economic development from federal sources or private sources  
2 for placement in the funds.

3 The division provides that, on July 1 of each year for the  
4 fiscal year beginning July 1, 2003, through the fiscal year  
5 beginning July 1, 2007, moneys from the Iowa values fund are  
6 appropriated to the department of management for deposit in  
7 the separate workforce training and economic development  
8 funds. The division provides that, on July 1 of each year for  
9 fiscal years beginning on or after July 1, 2008, moneys from  
10 the general fund of the state are appropriated to the  
11 department of economic development for deposit in the  
12 workforce training and economic development funds.

13 The division provides that moneys deposited in the funds  
14 and disbursed to community colleges for a fiscal year shall be  
15 expended for the following purposes, provided 70 percent of  
16 the moneys shall be used on projects in the areas of advanced  
17 manufacturing, information technology and insurance, and life  
18 sciences which include the areas of biotechnology, health care  
19 technology, and nursing care technology:

20 1. Projects in which an agreement between a community  
21 college and an employer located within the community college's  
22 merged area meet all of the requirements of the accelerated  
23 career education program under Code chapter 260G. The  
24 division makes conforming amendments to Code chapter 260G.

25 2. Projects in which an agreement between a community  
26 college and a business meet all the requirements of the Iowa  
27 jobs training Act under Code chapter 260F.

28 3. Career academies.

29 4. Programs and courses that provide vocational and  
30 technical training, and programs for in-service training and  
31 retraining.

32 The division provides a method for calculating the maximum  
33 cumulative total amount of moneys that may be deposited in all  
34 the workforce training and economic development funds for  
35 distribution to community colleges in a fiscal year. The

1 division provides that the department of economic development  
2 shall allocate the appropriated moneys to the community  
3 college workforce training and economic development funds  
4 utilizing the same distribution formula used for the  
5 allocation of state general aid to community colleges.

6 DIVISION VI -- This division of the bill amends the current  
7 local option sales and services tax for school infrastructure  
8 purposes by establishing a shared financing program.  
9 Specifically, the division provides that counties that impose  
10 the local option sales and services tax on or after April 1,  
11 2003, will have their tax collections placed in a "secure an  
12 advanced vision for education" fund created in the division.  
13 Each school district within such counties will receive from  
14 this fund the amount per pupil collected in its county not to  
15 exceed the school district's guaranteed per pupil amount. If  
16 the amount per pupil amount collected is less than the  
17 guaranteed per pupil amount, the school district would receive  
18 a supplemental amount per pupil equal to the difference.  
19 School districts located in counties that have imposed the tax  
20 prior to April 1, 2003, would also have their tax collections  
21 deposited into the fund but would receive all of the tax  
22 collected in the county without limitation by the guaranteed  
23 per pupil amount. However, a school district that receives  
24 less than its guaranteed per pupil amount would receive a  
25 supplemental amount per pupil equal to the difference. A  
26 school district's guaranteed per pupil amount equals the  
27 amount per pupil that a statewide one cent local option sales  
28 and services tax would raise if the school district has  
29 imposed the full one cent tax for the entire fiscal year. If  
30 the tax is imposed for less than one cent or for less than the  
31 entire fiscal year, a proportional amount would be the  
32 guaranteed per pupil amount.

33 The division provides for the school districts to file a  
34 revenue purpose statement that would indicate how much may be  
35 used for infrastructure purposes and how much may be used for

1 property tax relief. This statement must be approved by the  
2 electorate and can be part of the ballot proposition on the  
3 question of the imposition of the tax. If such a statement is  
4 not voted on or if any moneys remain after using revenue for  
5 the purposes indicated on the statement, the moneys received  
6 or in excess are to be used to reduce property tax levies.  
7 These levies and the order to be reduced are: bond levies,  
8 physical plant and equipment levy, public educational and  
9 recreational levy, and the schoolhouse levy.

10 The division prohibits school districts of 250 pupils or  
11 less or less than 100 pupils in high school from using any  
12 moneys received which are in excess of their guaranteed per  
13 pupil amount for new construction without receiving a  
14 certificate of need for such new construction.

15 The division also eliminates the authority of a school  
16 district to incur indebtedness for the purpose of a teacher's  
17 or a superintendent's housing.

18 The division provides for the repeal of all local option  
19 taxes on December 31, 2022.

20 This division of the bill takes effect upon enactment.

21 DIVISION VII -- This division of the bill relates to the  
22 certification of cultural and entertainment districts and  
23 rehabilitation project tax credits.

24 The division requires the department of cultural affairs to  
25 establish and administer a cultural and entertainment district  
26 certification program designed to encourage the revitalization  
27 of communities through the development of areas within a city  
28 or county for public and private uses related to cultural and  
29 entertainment purposes. The division provides that a city or  
30 county may create and designate a cultural and entertainment  
31 district consisting of a geographic area not exceeding one  
32 square mile in size subject to certification by the department  
33 of cultural affairs, in consultation with the department of  
34 economic development. The division provides that a cultural  
35 and entertainment district certification shall remain in

1 effect for 10 years following the date of certification. The  
2 division allows two or more cities or counties to jointly  
3 apply for certification of a district that extends across a  
4 common boundary. The division requires the department of  
5 cultural affairs to encourage development projects and  
6 activities located in certified cultural and entertainment  
7 districts through incentives under cultural grant programs.

8 The division increases the amount of rehabilitation project  
9 tax credits that may be approved during the fiscal years  
10 beginning July 1, 2003, and July 1, 2004, by an additional \$1  
11 million each fiscal year for purposes of projects located in  
12 cultural and entertainment districts certified pursuant to  
13 Code section 303.3B, as created in the division. The division  
14 provides that any of the additional tax credits allocated for  
15 projects located in certified cultural and entertainment  
16 districts that are not approved during a fiscal year may be  
17 carried over to the succeeding fiscal year. Currently, \$2.4  
18 million of rehabilitation tax credits may be approved each  
19 fiscal year.

20 DIVISION VIII -- This division of the bill eliminates a  
21 small business advisory council within the department of  
22 economic development.

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HOUSE FILE 683

H-1411

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

By FALLON of Polk

H-1411 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1412

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

- 10 2. Page 11, by inserting after line 26 the
- 11 following:

- 12 "4. A business receiving moneys appropriated under
- 13 this section shall agree to provide an average wage to
- 14 new and existing full-time employees of at least
- 15 fifteen dollars per hour."

By FALLON of Polk

H-1412 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1413

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

By FALLON of Polk

H-1413 FILED APRIL 23, 2003

4/30/03 Lost

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HOUSE FILE 683

H-1414

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

By FALLON of Polk

H-1414 FILED APRIL 23, 2003

Lost 4/30/03

HOUSE FILE 683

H-1415

- 1 Amend House File 683 as follows:
- 2 1. By striking page 9, line 24, through page 10,
- 3 line 1.
- 4 2. By striking page 13, line 32, through page 18,
- 5 line 16.
- 6 3. Title page, lines 4 and 5, by striking the
- 7 words "providing endow Iowa seed grants and endow Iowa
- 8 tax credits,".
- 9 4. By renumbering as necessary.

By FALLON of Polk

H-1415 FILED APRIL 23, 2003

Withdrawn 4/30/03

HOUSE FILE 683

H-1416

- 1 Amend House File 683 as follows:
- 2 1. Page 1, line 21, by striking the word
- 3 "seventeen", and inserting the following: "eighteen".
- 4 2. Page 2, by inserting after line 35 the
- 5 following:
- 6 "11. One individual representing an environmental
- 7 interest, appointed by the governor."
- 8 3. Page 3, line 16, by striking the letter "l",
- 9 and inserting the following: "ll".
- 10 4. Page 3, line 21, by striking the letter "l",
- 11 and inserting the following: "ll".
- 12 5. Page 3, line 23, by striking the letter "l",
- 13 and inserting the following: "ll".
- 14 6. By renumbering as necessary.

By FALLON of Polk

H-1416 FILED APRIL 23, 2003

Lost 4/30/03

HOUSE FILE 683

H-1417

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

By FALLON of Polk

H-1417 FILED APRIL 23, 2003

Lost 4/30/03

HOUSE FILE 683

H-1418

- 1 Amend House File 683 as follows:
- 2 1. Page 11, line 34, by inserting after the word
- 3 "with" the following: "the Iowa food policy council
- 4 and".

By FALLON of Polk

H-1418 FILED APRIL 23, 2003

HOUSE FILE 683

H-1419

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

By FALLON of Polk

H-1419 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1420

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

By FALLON of Polk

H-1420 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1421

- 1 Amend House File 683 as follows:
- 2 1. Page 15, line 10, by striking the word "this",
- 3 and inserting the following: "the".

By FALLON of Polk

H-1421 FILED APRIL 23, 2003

Withdrawn 4/30/03

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HOUSE FILE 683

H-1422

- 1 Amend House File 683 as follows:
- 2 1. Page 28, line 3, by striking the word "~~solely~~"
- 3 and inserting the following: "solely".
- 4 2. Page 28, line 4, by striking the words "or
- 5 property tax relief".
- 6 3. By striking page 29, line 18, through page 30,
- 7 line 16, and inserting the following: "indicated in
- 8 the revenue purpose statement and other school
- 9 infrastructure purposes."
- 10 4. Page 33, line 19, by striking the words "or
- 11 property tax relief".
- 12 5. By renumbering, redesignating, and correcting
- 13 internal references as necessary.

By FALLON of Polk

H-1422 FILED APRIL 23, 2003

Withdrawn 4/30/03

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HOUSE FILE 683

H-1423

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

By FALLON of Polk

H-1423 FILED APRIL 23, 2003

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HOUSE FILE 683

H-1425

- 1 Amend House File 683 as follows:
- 2 1. Page 6, by inserting after line 33 the
- 3 following:
- 4 "8. A business receiving moneys appropriated under
- 5 this section shall agree, for a period of ten years,
- 6 not to close business operations in the state and not
- 7 to move more than forty percent of the business's
- 8 workforce out-of-state. If a business fails to meet
- 9 the requirements of an agreement entered into pursuant
- 10 to this subsection, the business is subject to
- 11 repayment of all or a portion of the moneys received,
- 12 including interest. The agreement shall specify the
- 13 method for determining whether a failure to meet the
- 14 requirements of the agreement has occurred and a
- 15 method for determining the amount of moneys the
- 16 business must repay."
- 17 2. Page 11, by inserting after line 26 the
- 18 following:
- 19 "4. A business receiving moneys appropriated under
- 20 this section shall agree, for a period of ten years,
- 21 not to close business operations in the state and not
- 22 to move more than forty percent of the business's
- 23 workforce out-of-state. If a business fails to meet
- 24 the requirements of an agreement entered into pursuant
- 25 to this subsection, the business is subject to
- 26 repayment of all or a portion of the moneys received,
- 27 including interest. The agreement shall specify the
- 28 method for determining whether a failure to meet the
- 29 requirements of the agreement has occurred and a
- 30 method for determining the amount of moneys the
- 31 business must repay."

By FALLON of Polk

H-1425 FILED APRIL 23, 2003



HOUSE FILE 683

H-1424

1 Amend House File 683 as follows:

2 1. Page 5, by inserting after line 18 the  
3 following:

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

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

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

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

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

40 3. a. If a petition of the voters is authorized  
41 by this section, the petition is valid if signed by  
42 eligible electors of the county or city, as  
43 applicable, equal in number to at least ten percent of  
44 the votes cast in the county or city, as applicable,  
45 for the office of president of the United States or  
46 governor at the preceding general election, unless  
47 otherwise provided by state law. The petition shall  
48 include the signatures of the petitioners, a statement  
49 of their place of residence, and the date on which  
50 they signed the petition.

H-1424

**H-1424**

Page 2

1 b. A petition shall be examined before it is  
2 accepted for filing. If it appears valid on its face  
3 it shall be accepted for filing. If it lacks the  
4 required number of signatures it shall be returned to  
5 the petitioners.

6 c. Petitions which have been accepted for filing  
7 are valid unless written objections are filed.  
8 Objections must be filed with the county commissioner  
9 of elections within five working days after the  
10 petition was filed. The objection process in section  
11 44.7 shall be followed for objections filed pursuant  
12 to this section.

13 4. At the election the proposition shall be  
14 submitted in the following form:

15 Shall the county (or city) of  
16 ....., state of Iowa, be authorized  
17 to expend not more than \$..... of local matching  
18 moneys for ..... (state purpose of  
19 project)?

20 5. Notice of the election shall be given by  
21 publication as specified in subsection 2. At the  
22 election, the ballot used for the submission of the  
23 proposition shall be in substantially the form for  
24 submitting special questions at general elections.  
25 For a proposition to be carried or adopted, a majority  
26 of the total votes cast for and against the  
27 proposition at the election is required. If the  
28 proposition is approved by the voters, the board of  
29 supervisors or the city council may proceed with the  
30 approval of the expenditure of local matching moneys."

31 2. By renumbering as necessary.

By FALLON of Polk

**H-1424** FILED APRIL 23, 2003

Lost 4/30/03

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**HOUSE FILE 683**

**H-1426**

1 Amend House File 683 as follows:

2 1. Page 39, lines 32 and 33, by striking the  
3 words ", in consultation with the department of  
4 economic development".

By FALLON of Polk

**H-1426** FILED APRIL 23, 2003

Lost 4/30/03

HOUSE FILE 683

H-1427

- 1 Amend House File 683 as follows:  
2 1. Page 39, by striking line 35 and inserting the  
3 following: "exceeding one square mile in size. A  
4 cultural and entertainment district shall include  
5 historic areas of the city or county which include  
6 property defined in section 404A.1, subsection 2. In  
7 considering certification of a district, the  
8 department of cultural affairs shall consider whether  
9 any of the following planning principles have been  
10 taken into consideration:  
11 a. Efficient and effective use of land resources  
12 and existing infrastructure by encouraging development  
13 in areas with existing infrastructure or capacity to  
14 avoid costly duplication of services and costly use of  
15 land.  
16 b. Provision for a variety of transportation  
17 choices, including pedestrian traffic.  
18 c. Maintenance of a unique sense of place by  
19 respecting local cultural and natural environmental  
20 features.  
21 d. Conservation of open space and farmland and  
22 preservation of critical environmental areas.  
23 e. Promotion of the safety, livability, and  
24 revitalization of existing urban and rural  
25 communities.  
26 2A. A cultural and".  
27 2. By renumbering as necessary.

By FALLON of Polk

H-1427 FILED APRIL 23, 2003

Lost 4/30/03

HOUSE FILE 683

H-1428

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

By FALLON of Polk

H-1428 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1429

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

By FALLON of Polk

H-1429 FILED APRIL 23, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1430

- 1 Amend House File 683 as follows:
- 2 1. By striking page 3, line 32, through page 4,
- 3 line 1.
- 4 2. By renumbering as necessary.

By FALLON of Polk

H-1430 FILED APRIL 23, 2003

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HOUSE FILE 683

H-1431

- 1 Amend House File 683 as follows:
- 2 1. Page 4, by inserting after line 8 the
- 3 following:
- 4 "10. A voting member of the board shall recuse
- 5 themselves from discussion regarding and abstain from
- 6 voting on providing financial assistance to a project
- 7 which is located in the county in which the voting
- 8 member of the board resides."

By FALLON of Polk

H-1431 FILED APRIL 23, 2003

Withdrawn 4/30/03

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HOUSE FILE 683

H-1432

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

By FALLON of Polk

H-1432 FILED APRIL 23, 2003

Lost 4/30/03

H-1433

1 Amend House File 683 as follows:

2 1. Page 40, by inserting after line 35 the  
3 following:

4 "DIVISION IX

5 STATE AND LOCAL LAND MANAGEMENT AND PLANNING

6 Sec. \_\_\_\_ . NEW SECTION. 6C.1 TITLE.

7 This chapter shall be known and may be cited as the  
8 "Land Management Planning Act".

9 Sec. \_\_\_\_ . NEW SECTION. 6C.2 LAND DEVELOPMENT AND  
10 USE -- STATE POLICY ESTABLISHED.

11 It is the policy of this state to provide for the  
12 sound and orderly development and use of land and to  
13 provide for the protection and preservation of the  
14 private and public interest in the land, water, and  
15 related resources of this state for the public health,  
16 safety, morals, and general welfare of present and  
17 future generations. It is further the policy of this  
18 state to preserve the use of prime agricultural land  
19 for agricultural production and to preserve natural,  
20 cultural, and historical areas while striking a  
21 balance between legitimate public purposes and private  
22 property rights.

23 Sec. \_\_\_\_ . NEW SECTION. 6C.3 DEFINITIONS.

24 1. "Agricultural land" means agricultural land as  
25 defined in section 9H.1.

26 2. "Board" means the land management planning  
27 board established in section 6C.4.

28 3. "Department" means the department of economic  
29 development.

30 4. "Public agency" means an agency as defined in  
31 section 17A.2, a county, a city, or other political  
32 subdivision, including but not limited to a principal  
33 department as provided in section 7E.5, a school  
34 corporation organized under chapter 273 or 274, a  
35 community college as provided in chapter 260C, or a  
36 township as provided in chapter 359.

37 5. "Growth plan" means a plan created as provided  
38 in chapter 366.

39 Sec. \_\_\_\_ . NEW SECTION. 6C.4 LAND MANAGEMENT  
40 PLANNING BOARD.

41 1. A land management planning board is established  
42 as the state's principal agency overseeing land  
43 management planning by cities and counties. The board  
44 shall oversee the administration of this chapter, and  
45 chapters 366 and 368, monitor the effectiveness of  
46 public agencies in carrying out the policy of this  
47 state as established in section 6C.2, and study  
48 methods to successfully implement the policy.

49 2. The board shall be composed of the following  
50 members:

H-1433

1 a. One member appointed from a city with a  
2 population of more than forty-five thousand, according  
3 to the most recent certified federal census.

4 b. One member appointed from a city with a  
5 population of forty-five thousand or less, according  
6 to the most recent certified federal census.

7 c. One member appointed from a county with a  
8 population of more than fifty thousand, according to  
9 the most recent certified federal census.

10 d. One member appointed from a county with a  
11 population of fifty thousand or less, according to the  
12 most recent certified federal census.

13 e. One member appointed to represent the general  
14 public. This member shall have expertise in land use  
15 planning and matters relating to agriculture and  
16 conservation.

17 3. The members shall be appointed by the governor  
18 subject to confirmation by the senate as provided in  
19 section 2.32. The appointments shall be for six-year  
20 staggered terms beginning and ending as provided in  
21 section 69.19, or for an unexpired term if a vacancy  
22 occurs. No member shall serve more than two complete  
23 six-year terms.

24 4. The board shall elect a chairperson each year.

25 5. Members of the board, other than a state  
26 officer or employee, are entitled to receive a per  
27 diem as specified in section 7E.6 for each day spent  
28 in performance of duties as members, and shall be  
29 reimbursed for all actual and necessary expenses  
30 incurred in the performance of duties as members.

31 6. The department shall provide office space and  
32 staff assistance, and shall budget funds to cover  
33 expenses of the board and of committees established  
34 pursuant to chapter 368. The office of attorney  
35 general shall provide legal counsel to the board.

36 Sec. \_\_\_\_ . NEW SECTION. 6C.5 POWERS AND DUTIES OF  
37 THE BOARD.

38 1. The board shall do all of the following:

39 a. Review and, if necessary, adopt growth plans  
40 submitted for dispute resolution pursuant to section  
41 366.6.

42 b. Keep on file growth plans filed with the board  
43 pursuant to section 366.7.

44 c. Approve or disapprove petitions for boundary  
45 adjustment as provided in chapter 368.

46 d. Establish policies for administration of the  
47 land management planning fund created in section 6C.6.

48 e. Establish minimum qualifications for mediators,  
49 establish procedures for qualifying and appointing  
50 persons representative of the public to be available

1 to serve as mediators, maintain a list of qualified  
2 mediators, and establish compensation rates for  
3 mediators.

4 f. Adopt rules pursuant to chapter 17A necessary  
5 to administer its duties under this chapter and  
6 chapters 366 and 368. The rules may include  
7 establishing filing fees for applications and  
8 petitions submitted to the board pursuant to chapter  
9 368.

10 2. The board may adopt forms to be completed and  
11 submitted by cities and counties as necessary for the  
12 efficient administration of this chapter and chapters  
13 366 and 368.

14 Sec. \_\_\_\_ . NEW SECTION. 6C.6 LAND MANAGEMENT  
15 PLANNING FUND.

16 1. A land management planning fund is created  
17 within the state treasury under the control of the  
18 department. Moneys in the fund shall be used to pay  
19 for the costs of administration of this chapter and  
20 chapters 366 and 368 by the department.

21 2. The fund shall consist of all of the following:

- 22 a. Moneys appropriated by the general assembly.
- 23 b. Moneys available to and obtained or accepted by  
24 the department from the federal government or private  
25 sources for deposit in the fund.

26 c. Filing fees paid for applications and petitions  
27 submitted to the board pursuant to chapter 368.

28 LOCAL GOVERNMENT LAND MANAGEMENT AND PLANNING

29 Sec. \_\_\_\_ . NEW SECTION. 366.1 DEFINITIONS.

30 1. "Agricultural land" means agricultural land as  
31 defined in section 9H.1.

32 2. "Board" means the land management planning  
33 board established in section 6C.4.

34 3. "Department" means the department of economic  
35 development.

36 Sec. \_\_\_\_ . NEW SECTION. 366.2 LOCAL STRATEGIC  
37 DEVELOPMENT COMMITTEE.

38 1. A strategic development committee may be  
39 created in a county. Members shall be appointed to  
40 the strategic development committee within ninety days  
41 after any of the following occurs:

42 a. The county board of supervisors and each city  
43 council in the county adopt resolutions calling for  
44 appointment of members to the committee and each city  
45 files the resolution with the county board of  
46 supervisors.

47 b. A petition signed by eligible electors of the  
48 county equal in number to at least ten percent of the  
49 votes cast in the county for the office of president  
50 of the United States or governor at the preceding

1 general election is filed with the county board of  
2 supervisors.

3 2. The strategic development committee shall be  
4 composed of the following members:

5 a. Three members appointed by the county board of  
6 supervisors. Two of the three members must be  
7 residents of the unincorporated area of the county.

8 b. One member appointed by the city council of  
9 each city located in the county.

10 c. One member appointed by the mayor of each of  
11 the two cities with the highest population located in  
12 the county.

13 d. An additional member shall be appointed by the  
14 mayor of each participating city for every fifty  
15 thousand residents in the city. These members shall  
16 have expertise in land use planning and matters  
17 relating to agriculture and conservation.

18 3. A city shall be represented on a committee if  
19 any part of the city is located in the county.

20 4. Two or more contiguous counties may organize as  
21 one combined strategic development committee. Each  
22 county's membership on a combined committee shall be  
23 appointed as provided in subsection 2, paragraphs "a"  
24 through "d".

25 5. The committee shall hold an organizational  
26 meeting no later than ten days after appointment of  
27 members. The organizational meeting shall be convened  
28 by the chairperson of the county board of supervisors.

29 Sec. \_\_\_\_ . NEW SECTION. 366.3 GROWTH PLAN --  
30 GOALS AND OBJECTIVES.

31 1. The local strategic development committee shall  
32 create and recommend a growth plan for the county.

33 2. The purpose of a growth plan is to direct  
34 coordinated, efficient, and orderly development that  
35 will, based on an analysis of present and future  
36 needs, best promote the public health, safety, morals,  
37 and general welfare. The goals and objectives of a  
38 growth plan include the following:

39 a. Encouraging a pattern of compact development in  
40 strategic development areas.

41 b. Promoting redevelopment of existing urban  
42 areas.

43 c. Promoting employment opportunities and the  
44 economic health of the county and all cities in the  
45 county.

46 d. Providing for a variety of housing choices  
47 within strategic development areas and assuring  
48 affordable housing for future population growth.

49 e. Identifying and conserving natural resource  
50 areas, environmentally sensitive land, and features of



1 significant local, statewide, or regional  
2 architectural, cultural, historical, or archaeological  
3 interest.

4 f. Preserving land identified by the strategic  
5 development committee as prime agricultural land for  
6 use in agricultural production.

7 g. Balancing the need for land management  
8 regulations with the protection of private property  
9 rights.

10 h. Ensuring the efficient use of infrastructure  
11 and that adequate municipal services are provided  
12 concurrently with development.

13 i. Taking into consideration such other matters  
14 that are related to the coordinated, efficient, and  
15 orderly development of the county and all cities in  
16 the county.

17 Sec. \_\_\_\_ . NEW SECTION. 366.4 GROWTH PLAN --  
18 REQUIREMENTS.

19 1. A growth plan shall divide the county into  
20 strategic development areas where future development  
21 would be allowed and strategic preservation areas  
22 where development would not be allowed. A growth plan  
23 shall address transportation, public infrastructure,  
24 municipal services, economic development, housing,  
25 recreation, natural resources, and land use. A growth  
26 plan may address hazard mitigation, energy systems,  
27 cultural preservation, and other elements appropriate  
28 to the area governed by the plan.

29 2. The committee shall conduct a review of  
30 existing comprehensive plans governing the county, if  
31 applicable, and governing each city located in the  
32 county, if applicable.

33 3. Before the committee drafts a growth plan, the  
34 committee shall hold a public hearing in order to  
35 obtain citizen input on preparation of the growth  
36 plan. The hearing shall be held no later than thirty  
37 days after the committee's organizational meeting.  
38 The county auditor shall publish notice of the time,  
39 date, place, and purpose of the public hearing in a  
40 newspaper of general circulation in the county. The  
41 notice must be published not less than ten days but no  
42 more than twenty days before the hearing. Notice of  
43 the hearing shall also be posted on the internet  
44 website of the participating county and of each  
45 participating city, if such county or city maintains  
46 an internet website. The notice shall include a  
47 description of the general duties of the strategic  
48 development committee and the cities and counties  
49 represented on the strategic development committee.

50 4. A growth plan shall include documents

1 describing and depicting the corporate limits of each  
2 city in the county and the boundaries of each  
3 strategic development area and each strategic  
4 preservation area.

5 5. a. In establishing a strategic development  
6 area, the plan shall do all of the following:

7 (1) Identify territory that a reasonable and  
8 prudent person would project as the likely site of  
9 commercial, industrial, or residential growth over the  
10 next twenty years based on historical experience,  
11 economic trends, population growth patterns,  
12 topographical characteristics, and any professional  
13 planning, engineering, and economic studies that are  
14 available. The city shall report population growth  
15 projections for the city based upon federal census  
16 data.

17 (2) Identify agricultural land which has a corn  
18 suitability rating of sixty or higher, according to  
19 information released by Iowa state university to the  
20 department of revenue and finance for assessment and  
21 taxation of agricultural land. Agricultural land with  
22 a corn suitability rating of sixty or higher shall not  
23 be included in a strategic development area unless the  
24 local strategic development committee makes a showing  
25 that the land is necessary for the orderly development  
26 of the strategic development area.

27 b. In establishing a strategic preservation area,  
28 the plan shall identify territory to be preserved for  
29 the next twenty years for agricultural purposes,  
30 forests, prairies, wetlands, other natural areas,  
31 recreational areas, wildlife management areas,  
32 cultural areas, historical areas, or other areas  
33 planned for preservation.

34 6. When designating that part of a strategic  
35 development area contiguous to a city, the committee  
36 shall identify, and give consideration to, the amount  
37 of territory within the current incorporated  
38 boundaries of the city that is vacant or undeveloped  
39 land.

40 7. The committee shall utilize planning resources  
41 that are available within the county, including city  
42 and county planning commissions, zoning  
43 administrators, and a council of governments  
44 established pursuant to chapter 28H. The committee is  
45 also encouraged to utilize the services of a joint  
46 planning commission established pursuant to chapter  
47 28I and colleges and universities in the state.

48 Sec. \_\_\_\_ . NEW SECTION. 366.5 LOCAL GOVERNMENT  
49 RATIFICATION OF GROWTH PLAN.

50 1. Before the committee submits the plan

1 recommended for ratification, the committee shall hold  
2 at least one public hearing on the proposed  
3 recommended growth plan. The county auditor shall  
4 publish notice of the time, place, and purpose of the  
5 public hearing in a newspaper of general circulation  
6 in the county. The notice must be published at least  
7 ten days but no more than twenty days before the  
8 hearing. Notice of the hearing shall also be posted  
9 on the internet website of the participating county  
10 and of each participating city if such county or city  
11 maintains an internet website.

12 2. Not later than twenty-four months after the  
13 date of the organizational meeting, the committee  
14 shall submit the recommended growth plan to the county  
15 board of supervisors and the city council of each city  
16 in the county.

17 a. Not later than sixty days after receiving the  
18 recommended growth plan, the county board of  
19 supervisors and each city council shall by resolution  
20 either ratify or reject the recommended growth plan.  
21 A city or county that fails to timely act on the  
22 resolution shall be deemed to have ratified the  
23 recommended growth plan on the last day of the sixty-  
24 day period. If the growth plan is ratified, the  
25 committee shall file the plan with the land management  
26 planning board.

27 b. If the county board of supervisors or a city  
28 council rejects the recommended growth plan submitted  
29 by the committee, the county or city shall submit its  
30 objections to the plan along with the notice of  
31 rejection. After receiving objections to the plan,  
32 the committee may recommend a revised growth plan no  
33 later than sixty days after the recommended plan is  
34 rejected or may resubmit the original plan. Before  
35 the committee submits the revised plan recommended for  
36 ratification, the committee shall hold at least one  
37 public hearing on the revised plan in the manner  
38 provided in subsection 1. The committee shall submit  
39 any revised growth plan, or resubmit the original  
40 plan, to the county board of supervisors and the city  
41 council of each city in the county for ratification.

42 Not later than sixty days after receiving a revised  
43 growth plan or resubmitted original plan, the county  
44 board of supervisors and each city council shall  
45 either ratify or reject the plan in the same manner as  
46 provided in paragraph "a". A city or county that  
47 fails to timely act on a resolution shall be deemed to  
48 have ratified the plan on the last day of the sixty-  
49 day period.

50 If the resubmitted original plan or the revised

1 plan is rejected, the county or city rejecting the  
2 plan shall submit its objections, and the reasons for  
3 its objections, to mediation in accordance with  
4 section 366.6.

5 Sec. \_\_\_\_ . NEW SECTION. 366.6 MEDIATION OF  
6 DISPUTED ISSUES.

7 1. If the county board of supervisors or a city  
8 council rejects the resubmitted original plan or the  
9 revised plan, the local strategic development  
10 committee shall declare the existence of an impasse  
11 and shall notify the board.

12 2. Within ten days of receiving notice of the  
13 existence of an impasse, the board shall appoint a  
14 mediator from the list of mediators maintained  
15 pursuant to section 6C.5. The board shall not appoint  
16 a person as a mediator if the immediate family of the  
17 person or such person's spouse is a resident, property  
18 owner, official, or employee of the county or of any  
19 city in the county.

20 3. The mediator shall attempt to mediate the  
21 unresolved disputes. If, after reasonable efforts,  
22 mediation does not resolve such disputes, the mediator  
23 shall so notify the board. The mediation process must  
24 be concluded within thirty days. The county board of  
25 supervisors and the cities may submit final  
26 recommendations regarding the impasse to the board.  
27 For the sole purpose of resolving the impasse, the  
28 board shall adopt a growth plan that resolves those  
29 issues in dispute. The growth plan adopted by the  
30 board shall conform to the provisions of this chapter.

31 4. In mediating the dispute, the mediator may  
32 consult with the university of Iowa, Iowa state  
33 university of science and technology, the university  
34 of northern Iowa, or others with expertise in urban  
35 planning, growth, and development.

36 5. The board shall certify the reasonable and  
37 necessary costs incurred by the mediator, including,  
38 but not limited to, salaries, supplies, travel  
39 expenses, and staff support for the mediator. The  
40 county and the cities shall reimburse the board for  
41 such costs. The costs shall be divided equally,  
42 without regard to population, among the county and the  
43 cities in the county.

44 6. If a county or city fails to reimburse its  
45 allocated share of mediation costs to the board after  
46 sixty days' notice of such costs, the department of  
47 revenue and finance shall be notified and shall deduct  
48 such costs from such county's or city's allocation  
49 under chapter 405A. The amount deducted shall be  
50 forwarded to the board.

1 Sec. \_\_\_\_ . NEW SECTION. 366.7 PLAN FILED WITH  
2 BOARD.

3 A growth plan ratified pursuant to section 366.5 or  
4 a plan that has been agreed to by mediation pursuant  
5 to section 366.6 or a plan adopted by the board  
6 pursuant to section 366.6 shall be filed with the  
7 board within ten days of ratification or approval of  
8 the plan.

9 Sec. \_\_\_\_ . NEW SECTION. 366.8 RECORDING OF GROWTH  
10 PLAN.

11 After a plan has been filed with the board, the  
12 board shall retain a copy of the plan on file and  
13 shall forward a copy to the county auditor who shall  
14 record the plan in the office of county recorder no  
15 later than five days after receiving the plan from the  
16 board.

17 Sec. \_\_\_\_ . NEW SECTION. 366.9 DURATION OF PLANS  
18 -- REVIEW AND AMENDMENT.

19 After a growth plan has been recorded with the  
20 county recorder, the plan shall remain in effect for  
21 not less than five years absent a showing of  
22 extraordinary circumstances necessitating a change in  
23 the plan. After expiration of the five-year period,  
24 the county or a city in the county may propose an  
25 amendment to the growth plan or may propose a review  
26 of the plan by filing notice with the county board of  
27 supervisors for the county and the city council of  
28 each city in the county. Upon receipt of such notice  
29 by the county and each city, the county board of  
30 supervisors shall promptly reconvene the local  
31 strategic development committee. The burden of  
32 proving the reasonableness of a proposed amendment to  
33 the plan shall be upon the party proposing the  
34 amendment. The procedures for amending the growth  
35 plan shall be the same as the procedures set forth in  
36 this chapter for creating the original growth plan.

37 Sec. \_\_\_\_ . NEW SECTION. 366.10 JUDICIAL REVIEW.

38 1. The county, a city in the county, a resident of  
39 the county, or an owner of real property located in  
40 the county may seek judicial review of a decision of  
41 the board relating to adoption of a growth plan  
42 presented to the board pursuant to section 366.6,  
43 subsection 3. The judicial review provisions of this  
44 section and chapter 17A shall be the exclusive means  
45 by which a person or party who is aggrieved or  
46 adversely affected by action of the board may seek  
47 judicial review of the action of the board.

48 2. A petition for judicial review must be filed  
49 within sixty days after the growth plan is recorded  
50 with the county recorder. In accordance with the Iowa

1 rules of civil procedure pertaining to service of  
2 process, copies of the petition shall be served upon  
3 the board.

4 3. The court's review is limited to questions  
5 relating to jurisdiction, regularity of proceedings,  
6 and whether the action of the board is, by a  
7 preponderance of the evidence, arbitrary,  
8 unreasonable, or without substantial supporting  
9 evidence. The court may nullify an action of the  
10 board and return the plan with appropriate directions  
11 to the board.

12 4. The filing of a petition for judicial review  
13 does not stay the effectiveness of the growth plan or  
14 recognition of strategic development areas and  
15 strategic preservation areas identified in the plan.  
16 However, the court may order a stay upon appropriate  
17 terms if it is shown to the satisfaction of the court  
18 that any party or the public at large is likely to  
19 suffer significant injury if a stay is not granted.  
20 If more than one petition for judicial review  
21 regarding a single board action is filed, all such  
22 petitions shall be consolidated and tried as a single  
23 civil action.

24 5. The following portions of section 17A.19 are  
25 not applicable to this chapter:

- 26 a. The portion of subsection 2 relating to where
- 27 proceedings for judicial review shall be instituted.
- 28 b. Subsection 5.
- 29 c. Subsection 8.
- 30 d. Subsections 10 through 12.

31 Sec. \_\_\_\_ . NEW SECTION. 366.11 LOCAL  
32 IMPLEMENTATION.

33 1. A city or county governed by a growth plan  
34 shall not adopt ordinances regulating land development  
35 and management within its territory that are  
36 inconsistent with the growth plan governing the  
37 territory.

38 2. A county that has approved a growth plan  
39 pursuant to this chapter, and any city in such county,  
40 shall use the growth plan as the basis for the  
41 comprehensive plan required pursuant to section 335.5  
42 or 414.3 if the county or city has adopted a zoning  
43 ordinance. The county and each city shall amend its  
44 comprehensive plan to conform to the growth plan.  
45 After a growth plan is recorded with the county  
46 recorder, all land use decisions made by the governing  
47 body of each city and county and the city's or  
48 county's planning commission shall be consistent with  
49 the growth plan.

50 3. A city or county is under no obligation to

1 provide municipal services for development that does  
2 not conform to the applicable growth plan.

3 Sec. \_\_\_\_ . NEW SECTION. 366.12 STATE AGENCIES.

4 State agencies are encouraged to consider the  
5 growth plan governing a locality when carrying out  
6 projects relating to, or affecting, land use in the  
7 locality. If action taken by a state agency in  
8 carrying out a project relating to, or affecting, land  
9 use in a locality is not consistent with the growth  
10 plan for the locality, the reasons for the action must  
11 be explained in writing by the state agency and made a  
12 part of the project plans or specifications.

13 CITY DEVELOPMENT

14 Sec. \_\_\_\_ . Section 368.1, subsection 3, Code 2003,  
15 is amended to read as follows:

16 3. "Board" means the ~~city development~~ land  
17 management planning board established in section ~~368.9~~  
18 6C.4.

19 Sec. \_\_\_\_ . NEW SECTION. 368.5A ANNEXATION  
20 PROHIBITED -- STRATEGIC PRESERVATION AREAS.

21 Beginning January 1, 2006, for territory located in  
22 a county governed by a growth plan, only territory  
23 contained in a strategic development area may be  
24 annexed. The city council or land management planning  
25 board shall not approve any application or petition  
26 that seeks to annex territory contained in a strategic  
27 preservation area. However, a city may annex  
28 territory in a strategic preservation area if the city  
29 intends to retain the area's designation as a  
30 strategic preservation area and if the annexation is a  
31 voluntary annexation applied for pursuant to section  
32 368.7.

33 Sec. \_\_\_\_ . Section 368.7A, subsection 1, Code 2003,  
34 is amended to read as follows:

35 1. The board of supervisors of each affected  
36 county shall notify the ~~city development~~ land  
37 management planning board of the existence of that  
38 portion of any secondary road which extends to the  
39 center line but has not become part of the city by  
40 annexation and has a common boundary with a city. The  
41 notification shall include a legal description and a  
42 map identifying the location of the secondary road.  
43 The ~~city development~~ land management planning board  
44 shall provide notice and an opportunity to be heard to  
45 each city in or next to which the secondary road is  
46 located. The ~~city development~~ land management  
47 planning board shall certify that the notification is  
48 correct and declare the road, or portion of the road  
49 extending to the center line, annexed to the city as  
50 of the date of certification. This section is not

1 intended to interfere with or modify existing chapter  
2 28E agreements on jurisdictional transfer of roads, or  
3 continuing negotiations between jurisdictions.

4 Sec. \_\_\_\_\_. Sections 368.9 and 368.10, Code 2003,  
5 are repealed.

6 CORRESPONDING AMENDMENTS

7 Sec. \_\_\_\_\_. Section 15.108, subsection 3, paragraph  
8 a, subparagraph (2), Code 2003, is amended to read as  
9 follows:

10 (2) Provide office space and staff assistance to  
11 the ~~city development~~ land management planning board as  
12 provided in section ~~368.9~~ 6C.4.

13 Sec. \_\_\_\_\_. Section 331.304, subsection 7, Code  
14 2003, is amended to read as follows:

15 7. The board may file a petition with the ~~city~~  
16 ~~development~~ land management planning board as provided  
17 in section 368.11.

18 Sec. \_\_\_\_\_. Section 331.321, subsection 1, paragraph  
19 t, Code 2003, is amended to read as follows:

20 t. Local representatives to serve with the ~~city~~  
21 ~~development~~ land management planning board as provided  
22 in section 368.14.

23 Sec. \_\_\_\_\_. Section 384.38, subsection 2, Code 2003,  
24 is amended to read as follows:

25 2. Upon petition as provided in section 384.41,  
26 subsection 1, a city may assess to private property  
27 affected by public improvements within three miles of  
28 the city's boundaries the cost of construction and  
29 repair of public improvements within that area. The  
30 right-of-way of a railway company shall not be  
31 assessed unless the company joins as a petitioner for  
32 ~~said~~ such improvements. In the petition the property  
33 owners shall waive the limitation provided in section  
34 384.62 that an assessment may not exceed twenty-five  
35 percent of the value of the lot. The petition shall  
36 contain a statement that the owners agree to pay the  
37 city an amount equal to five percent of the cost of  
38 the improvements, to cover administrative expenses  
39 incurred by the city. This amount may be added to the  
40 cost of the improvements. Before the council may  
41 adopt the resolution of necessity, the preliminary  
42 resolution, preliminary plans and specifications,  
43 plat, schedule, and estimate of cost must be submitted  
44 to, and receive written approval from, the board of  
45 supervisors of any county which contains part of the  
46 property, and the ~~city development~~ land management  
47 planning board established in section ~~368.9~~ 6C.4.

48 IMPLEMENTATION AND EFFECTIVE DATES

49 Sec. \_\_\_\_\_. IMPLEMENTATION OF ACT. Section 25B.2,  
50 subsection 3, shall not apply to this division of this



**H-1433**

Page 13

1 Act.

2 Sec. \_\_\_\_ . EFFECTIVE DATES.

3 1. Except as otherwise provided in this section,  
4 this division of this Act, being deemed of immediate  
5 importance, takes effect upon enactment.

6 2. The section of this division of this Act  
7 enacting section 368.5A takes effect January 1, 2006."

8 2. Title page, line 11, by inserting after the  
9 word "council," the following: "relating to state and  
10 local land management and planning,".

11 3. By renumbering as necessary.

By FALLON of Polk

**H-1433** FILED APRIL 23, 2003

Withdrawn 4/30/03

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**HOUSE FILE 683**

**H-1468**

1 Amend House File 683 as follows:

2 1. Page 5, by inserting after line 18 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 15G.106 AGREEMENTS.  
5 An entity receiving moneys from the Iowa values

6 fund shall enter into an agreement with the board  
7 specifying the requirements that must be met to  
8 confirm eligibility. The agreement shall contain, at  
9 a minimum, the following provisions:

10 1. An entity that receives moneys from the fund  
11 shall, for the length of the agreement, certify  
12 annually to the board the compliance of the entity  
13 with the requirements of the agreement.

14 2. The repayment of incentives by the entity if  
15 the business has not met any of the requirements of  
16 the agreement.

17 3. If an entity that is approved to receive moneys  
18 from the fund experiences a layoff within the state or  
19 closes any of its facilities within the state, the  
20 board shall have the discretion to reduce or eliminate  
21 some or all of the incentives. If an entity has  
22 received moneys from the fund and experiences a layoff  
23 within the state or closes any of its facilities  
24 within the state, the entity may be subject to  
25 repayment of all or a portion of the incentives that  
26 it has received."

27 2. By renumbering as necessary.

By FALLON of Polk

**H-1468** FILED APRIL 24, 2003

Withdrawn 4/30/03

HOUSE FILE 683

H-1470

1 Amend House File 683 as follows:

2 1. Page 5, line 11, by inserting after the word  
3 "assembly" the following: "; notwithstanding section  
4 453A.35, the additional revenues derived from the  
5 increased taxes imposed pursuant to the amendments in  
6 this Act to sections 453A.6 and 453A.43;".

7 2. Page 5, line 18, by inserting after the word  
8 "fund." the following: "If moneys subject to deposit  
9 in the Iowa values fund exceed those necessary for the  
10 appropriations provided in this Act, the excess shall  
11 be deposited in the general fund of the state."

12 3. Page 40, by inserting after line 35 the  
13 following:

14 "DIVISION

15 TAXES

16 Sec. \_\_\_\_\_. Section 453A.6, subsection 1, Code 2003,  
17 is amended to read as follows:

18 1. There is imposed, and shall be collected and  
19 paid to the department, the following taxes on all  
20 cigarettes used or otherwise disposed of in this state  
21 for any purpose whatsoever:

22 Class A. On cigarettes weighing not more than  
23 three pounds per thousand, ~~eighteen mills~~ six and  
24 eight-tenths cents on each such cigarette.

25 Class B. On cigarettes weighing more than three  
26 pounds per thousand, ~~eighteen mills~~ six and eight-  
27 tenths cents on each such cigarette.

28 Sec. \_\_\_\_\_. Section 453A.43, subsection 1,  
29 unnumbered paragraph 1, Code 2003, is amended to read  
30 as follows:

31 A tax is imposed upon all tobacco products in this  
32 state and upon any person engaged in business as a  
33 distributor of tobacco products, at the rate of  
34 ~~twenty-two~~ eighty-three percent of the wholesale sales  
35 price of the tobacco products, except little cigars as  
36 defined in section 453A.42. Little cigars shall be  
37 subject to the same rate of tax imposed upon  
38 cigarettes in section 453A.6, payable at the time and  
39 in the manner provided in section 453A.6; and stamps  
40 shall be affixed as provided in division I of this  
41 chapter. The tax on tobacco products, excluding  
42 little cigars, shall be imposed at the time the  
43 distributor does any of the following:

44 Sec. \_\_\_\_\_. Section 453A.43, subsection 2,  
45 unnumbered paragraph 1, Code 2003, is amended to read  
46 as follows:

47 A tax is imposed upon the use or storage by  
48 consumers of tobacco products in this state, and upon  
49 the consumers, at the rate of ~~twenty-two~~ eighty-three  
50 percent of the cost of the tobacco products."

H-1470

**H-1470**

Page 2

- 1 4. Title page, line 11, by inserting after the
- 2 word "council," the following: "increasing tobacco-
- 3 related taxes,".
- 4 5. By renumbering as necessary.

By RAYHONS of Hancock

**H-1470** FILED APRIL 25, 2003

**HOUSE FILE 683**

**H-1489**

1 Amend House File 683 as follows:

- 2 1. Page 5, line 27, by striking the figure
- 3 "95,000,000", and inserting the following:
- 4 "50,000,000".
- 5 2. Page 5, line 28, by striking the figure
- 6 "70,000,000", and inserting the following:
- 7 "50,000,000".
- 8 3. Page 5, line 29, by striking the figure
- 9 "65,000,000", and inserting the following:
- 10 "50,000,000".
- 11 4. Page 5, line 30, by striking the figure
- 12 "65,000,000", and inserting the following:
- 13 "50,000,000".
- 14 5. Page 5, line 31, by striking the figure
- 15 "55,000,000", and inserting the following:
- 16 "50,000,000".
- 17 6. By striking page 6, line 34, through page 11,
- 18 line 26.
- 19 7. By striking page 13, line 32, through page 23,
- 20 line 17.
- 21 8. Page 25, line 25, by striking the word "Ten",
- 22 and inserting the following: "Five".
- 23 9. Page 25, line 27, by striking the word
- 24 "Fifteen", and inserting the following: "Ten".
- 25 10. Page 25, line 29, by striking the word
- 26 "Twenty", and inserting the following: "Fifteen".
- 27 11. Page 25, line 31, by striking the word
- 28 "Twenty-five", and inserting the following: "Twenty".
- 29 12. By striking page 26, line 35, through page
- 30 40, line 35.
- 31 13. Title page, by striking lines 4 through 11
- 32 and inserting the following: "program, creating
- 33 workforce training and economic development funds for
- 34 community colleges,".
- 35 14. By renumbering as necessary.

By WATTS of Dallas

KRAMER of Polk

J. K. VAN FOSSEN of Scott

PAULSEN of Linn

GRANZOW of Hardin

**H-1489** FILED APRIL 28, 2003

Lost 4/30/03

HOUSE FILE 683

H-1490

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

By WATTS of Dallas KRAMER of Polk  
J. K. VAN FOSSEN of Scott UPMEYER of Hancock  
GRANZOW of Hardin PAULSEN of Linn

H-1490 FILED APRIL 28, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1491

- 1 Amend House File 683 as follows:
  - 2 1. Page 12, lines 32 and 33, by striking the
  - 3 words "or in the productions of wind energy".
- By WATTS of Dallas GRANZOW of Hardin  
J. K. VAN FOSSEN of Scott KRAMER of Polk

H-1491 FILED APRIL 28, 2003

Lost 4/30/03

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HOUSE FILE 683

H-1516

1 Amend House File 683 as follows:

2 1. Page 18, by inserting after line 20 the  
3 following:

4 "0A. The general assembly finds and declares that  
5 there exists in this state inherent limits on the  
6 ability of a single municipality to effectively pursue  
7 economic growth; that the allocation of costs related  
8 to pursuing economic growth and resulting benefits  
9 accruing from economic growth do not coincide with the  
10 boundaries of a single municipality; that the  
11 inefficiency and waste resulting from uncontrolled  
12 competition for economic growth among municipalities  
13 is not in the public interest; and that it is in the  
14 public interest to encourage municipalities to join  
15 together and pursue economic growth as a cooperative  
16 regional endeavor."

17 2. Page 18, by inserting after line 35 the  
18 following:

19 "c. The regional development plan includes  
20 provisions for sharing the costs related to pursuing  
21 economic growth agreed to by municipalities within the  
22 region pursuant to an agreement under chapter 28E.

23 d. The regional development plan includes  
24 provisions for sharing the revenues resulting from  
25 economic growth agreed to by municipalities within the  
26 region pursuant to an agreement under chapter 28E."

27 3. By renumbering as necessary.

By SHOULTZ of Black Hawk

H-1516 FILED APRIL 29, 2003

Withdrawn 4/30/03

## HOUSE FILE 683

## H-1517

1 Amend House File 683 as follows:

2 1. Page 40, by inserting after line 35 the  
3 following:

4 "DIVISION

5 STREAMLINED SALES AND USE TAXES

6 SUBCHAPTER I

7 DEFINITIONS

8 Sec. \_\_\_\_ . NEW SECTION. 423.1 DEFINITIONS.

9 As used in this chapter the following words, terms,  
10 and phrases have the meanings ascribed to them by this  
11 section, except where the context clearly indicates  
12 that a different meaning is intended:

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

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

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

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

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

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

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

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

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

50 10. "Delivered electronically" means delivered to

H-1517

**H-1517**

Page 2

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

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

10 12. "Department" means the department of revenue  
11 and finance.

12 13. "Direct mail" means printed material delivered  
13 or distributed by United States mail or other delivery  
14 service to a mass audience or to addressees on a  
15 mailing list provided by the purchaser or at the  
16 direction of the purchaser when the cost of the items  
17 is not billed directly to the recipients. "Direct  
18 mail" includes tangible personal property supplied  
19 directly or indirectly by the purchaser to the direct  
20 mail seller for inclusion in the package containing  
21 the printed material. "Direct mail" does not include  
22 multiple items of printed material delivered to a  
23 single address.

24 14. "Director" means the director of revenue and  
25 finance.

26 15. "Electronic" means relating to technology  
27 having electrical, digital, magnetic, wireless,  
28 optical, electromagnetic, or similar capabilities.

29 16. "Farm deer" means the same as defined in  
30 section 189A.2.

31 17. "Farm machinery and equipment" means machinery  
32 and equipment used in agricultural production.

33 18. "First use of a service". A "first use of a  
34 service" occurs, for the purposes of this chapter,  
35 when a service is rendered, furnished, or performed in  
36 Iowa or if rendered, furnished, or performed outside  
37 of Iowa, when the product or result of the service is  
38 used in Iowa.

39 19. "Goods, wares, or merchandise" means the same  
40 as tangible personal property.

41 20. "Governing board" means the group comprised of  
42 representatives of the member states of the agreement  
43 which is created by the agreement to be responsible  
44 for the agreement's administration and operation.

45 21. "Installed purchase price" is the amount  
46 charged, valued in money whether paid in money or  
47 otherwise, by a building contractor to convert  
48 manufactured housing from tangible personal property  
49 into realty. "Installed purchase price" includes, but  
50 is not limited to, amounts charged for installing a

**H-1517**

**H-1517**

Page 3

1 foundation and electrical and plumbing hookups.

2 "Installed purchase price" excludes any amount charged  
3 for landscaping in connection with the conversion.

4 22. "Lease or rental".

5 a. "Lease or rental" means any transfer of  
6 possession or control of tangible personal property  
7 for a fixed or indeterminate term for consideration.

8 A "lease or rental" may include future options to  
9 purchase or extend.

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

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

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

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

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

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

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

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

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

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

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

**H-1517**



**H-1517**

Page 4

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

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

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 5

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

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

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

27 a. The provider and user of the service intend  
28 that a sale of the property will occur.

29 b. The property is transferred to the user of the  
30 service in connection with the performance of the  
31 service in a form or quantity capable of a fixed or  
32 definite price value.

33 c. The sale is evidenced by a separate charge for  
34 the identifiable piece of property.

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

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

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

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

45 a. Taking possession of tangible personal  
46 property.

47 b. Making first use of a service.

48 c. Taking possession or making first use of  
49 digital goods, whichever comes first.

50 "Receive" and "receipt" do not include possession

**H-1517**

**H-1517**

Page 6

1 by a shipping company on behalf of a purchaser.

2 40. "Registered under the agreement" means  
3 registration by a seller under the central  
4 registration system referenced in section 423.11,  
5 subsection 4.

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 7

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

4 a. "Sales price" means the total amount of  
5 consideration, including cash, credit, property, and  
6 services, for which personal property or services are  
7 sold, leased, or rented, valued in money, whether  
8 received in money or otherwise, without any deduction  
9 for any of the following:

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

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

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

18 (4) Delivery charges.

19 (5) Installation charges.

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

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

26 b. "Sales price" does not include:

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

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

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

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

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

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

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

**H-1517**

H-1517

Page 8

1 used in processing of tangible personal property for  
2 use in retail sales or services, for an employer, as  
3 defined in section 422.4, subsection 3, for a valuable  
4 consideration by any person engaged in any business or  
5 occupation specifically enumerated in section 423.2.  
6 The tax shall be due and collectible when the service  
7 is rendered, furnished, or performed for the ultimate  
8 user of the service.

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

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

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

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

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

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

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

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

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

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

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

H-1517

-8-

H-1517

Page 9

1 321.18.

2

SUBCHAPTER II

3

SALES TAX

4

Sec. \_\_\_\_ . NEW SECTION. 423.2 TAX IMPOSED.

5

1. There is imposed a tax of five percent upon the

6

sales price of all sales of tangible personal

7

property, consisting of goods, wares, or merchandise,

8

sold at retail in the state to consumers or users

9

except as otherwise provided in this subchapter.

10

a. For the purposes of this subchapter, sales of

11

the following services are treated as if they were

12

sales of tangible personal property:

13

(1) Sales of engraving, photography, retouching,

14

printing, and binding services.

15

(2) Sales of vulcanizing, recapping, and

16

retreading services.

17

(3) Sales of prepaid telephone calling cards and

18

prepaid authorization numbers.

19

(4) Sales of optional service or warranty

20

contracts, except residential service contracts

21

regulated under chapter 523C, which provide for the

22

furnishing of labor and materials and require the

23

furnishing of any taxable service enumerated under

24

this section. The sales price is subject to tax even

25

if some of the services furnished are not enumerated

26

under this section. Additional sales, services, or

27

use taxes shall not be levied on services, parts, or

28

labor provided under optional service or warranty

29

contracts which are subject to tax under this

30

subsection.

31

If the optional service or warranty contract is a

32

computer software maintenance or support service

33

contract and there is no separately stated fee for the

34

taxable personal property or for the nontaxable

35

service, the tax imposed by this subsection shall be

36

imposed on fifty percent of the sales price from the

37

sale of such contract. If the contract provides for

38

technical support services only, no tax shall be

39

imposed under this subsection. The provisions of this

40

subparagraph (4) also apply to the use tax.

41

(5) Renting of rooms, apartments, or sleeping

42

quarters in a hotel, motel, inn, public lodging house,

43

rooming house, mobile home which is tangible personal

44

property, or tourist court, or in any place where

45

sleeping accommodations are furnished to transient

46

guests for rent, whether with or without meals.

47

"Renting" and "rent" include any kind of direct or

48

indirect charge for such rooms, apartments, or

49

sleeping quarters, or their use. However, the tax

50

does not apply to the sales price from the renting of

H-1517

**H-1517**

Page 10

1 a room, apartment, or sleeping quarters while rented  
2 by the same person for a period of more than thirty-  
3 one consecutive days.

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

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

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

**H-1517**

-10-

**H-1517**

Page 11

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

4 3. A tax of five percent is imposed upon the sales  
5 price of all sales of tickets or admissions to places  
6 of amusement, fairs, and athletic events except those  
7 of elementary and secondary educational institutions.  
8 A tax of five percent is imposed on the sales price of  
9 an entry fee or like charge imposed solely for the  
10 privilege of participating in an activity at a place  
11 of amusement, fair, or athletic event unless the sales  
12 price of tickets or admissions charges for observing  
13 the same activity are taxable under this subchapter.  
14 A tax of five percent is imposed upon that part of  
15 private club membership fees or charges paid for the  
16 privilege of participating in any athletic sports  
17 provided club members.

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

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

**H-1517**



**H-1517**

Page 12

1 person receiving any sales price from the sources  
2 described in this section is subject to all provisions  
3 of this subchapter relating to retail sales tax and  
4 other provisions of this chapter as applicable.

5 5. There is imposed a tax of five percent upon the  
6 sales price from the furnishing of services as defined  
7 in section 423.1.

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

**H-1517**

-12-

**H-1517**

Page 13

1 excluding services provided by massage therapists  
2 licensed under chapter 152C; water conditioning and  
3 softening; weighing; welding; well drilling; wrapping,  
4 packing, and packaging of merchandise other than  
5 processed meat, fish, fowl, and vegetables; wrecking  
6 service; wrecker and towing.

7 For the purposes of this subsection, the sales  
8 price of a lease or rental includes rents, royalties,  
9 and copyright and license fees. For the purposes of  
10 this subsection, "financial institutions" means all  
11 national banks, federally chartered savings and loan  
12 associations, federally chartered savings banks,  
13 federally chartered credit unions, banks organized  
14 under chapter 524, savings and loan associations and  
15 savings banks organized under chapter 534, and credit  
16 unions organized under chapter 533.

17 7. a. A tax of five percent is imposed upon the  
18 sales price from the sales, furnishing, or service of  
19 solid waste collection and disposal service.

20 For purposes of this subsection, "solid waste"  
21 means garbage, refuse, sludge from a water supply  
22 treatment plant or air contaminant treatment facility,  
23 and other discarded waste materials and sludges, in  
24 solid, semisolid, liquid, or contained gaseous form,  
25 resulting from nonresidential commercial operations,  
26 but does not include auto hulks; street sweepings;  
27 ash; construction debris; mining waste; trees; tires;  
28 lead acid batteries; used oil; hazardous waste; animal  
29 waste used as fertilizer; earthen fill, boulders, or  
30 rock; foundry sand used for daily cover at a sanitary  
31 landfill; sewage sludge; solid or dissolved material  
32 in domestic sewage or other common pollutants in water  
33 resources, such as silt, dissolved or suspended solids  
34 in industrial waste water effluents or discharges  
35 which are point sources subject to permits under  
36 section 402 of the federal Water Pollution Control  
37 Act, or dissolved materials in irrigation return  
38 flows; or source, special nuclear, or by-product  
39 material defined by the federal Atomic Energy Act of  
40 1954.

41 A recycling facility that separates or processes  
42 recyclable materials and that reduces the volume of  
43 the waste by at least eighty-five percent is exempt  
44 from the tax imposed by this subsection if the waste  
45 exempted is collected and disposed of separately from  
46 other solid waste.

47 b. A person who transports solid waste generated  
48 by that person or another person without compensation  
49 shall pay the tax imposed by this subsection at the  
50 collection or disposal facility based on the disposal

**H-1517**

**H-1517**

Page 14

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

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

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

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

50 10. All revenues arising under the operation of

**H-1517**

**H-1517**

Page 15

1 the provisions of this section shall be deposited into  
2 the general fund of the state.

3 Sec. \_\_\_\_ . NEW SECTION. 423.3 EXEMPTIONS.

4 There is exempted from the provisions of this  
5 subchapter and from the computation of the amount of  
6 tax imposed by it the following:

7 1. The sales price from sales of tangible personal  
8 property and services furnished which this state is  
9 prohibited from taxing under the Constitution or laws  
10 of the United States or under the Constitution of this  
11 state.

12 2. The sales price of sales for resale of tangible  
13 personal property or taxable services, or for resale  
14 of tangible personal property in connection with the  
15 furnishing of taxable services.

16 3. The sales price of agricultural breeding  
17 livestock and domesticated fowl.

18 4. The sales price of commercial fertilizer.

19 5. The sales price of agricultural limestone,  
20 herbicide, pesticide, insecticide, including  
21 adjuvants, surfactants, and other products directly  
22 related to the application enhancement of those  
23 products, food, medication, or agricultural drain  
24 tile, including installation of agricultural drain  
25 tile, any of which are to be used in disease control,  
26 weed control, insect control, or health promotion of  
27 plants or livestock produced as part of agricultural  
28 production for market.

29 6. The sales price of tangible personal property  
30 which will be consumed as fuel in creating heat,  
31 power, or steam for grain drying, or for providing  
32 heat or cooling for livestock buildings or for  
33 greenhouses or buildings or parts of buildings  
34 dedicated to the production of flowering, ornamental,  
35 or vegetable plants intended for sale in the ordinary  
36 course of business, or for use in cultivation of  
37 agricultural products by aquaculture, or in implements  
38 of husbandry engaged in agricultural production.

39 7. The sales price of services furnished by  
40 specialized flying implements of husbandry used for  
41 agricultural aerial spraying.

42 8. The sales price exclusive of services of farm  
43 machinery and equipment, including auxiliary  
44 attachments which improve the performance, safety,  
45 operation, or efficiency of the machinery and  
46 equipment and replacement parts, if the following  
47 conditions are met:

48 a. The farm machinery and equipment shall be  
49 directly and primarily used in production of  
50 agricultural products.

**H-1517**

-15-

**H-1517**

Page 16

1 b. The farm machinery and equipment shall  
2 constitute self-propelled implements or implements  
3 customarily drawn or attached to self-propelled  
4 implements or the farm machinery or equipment is a  
5 grain dryer.

6 c. The replacement part is essential to any repair  
7 or reconstruction necessary to the farm machinery's or  
8 equipment's exempt use in the production of  
9 agricultural products.

10 Vehicles subject to registration, as defined in  
11 section 423.1, or replacement parts for such vehicles,  
12 are not eligible for this exemption.

13 9. The sales price of wood chips, sawdust, hay,  
14 straw, paper, or other materials used for bedding in  
15 the production of agricultural livestock or fowl.

16 10. The sales price of gas, electricity, water, or  
17 heat to be used in implements of husbandry engaged in  
18 agricultural production.

19 11. The sales price exclusive of services of farm  
20 machinery and equipment, including auxiliary  
21 attachments which improve the performance, safety,  
22 operation, or efficiency of the machinery and  
23 equipment and replacement parts, if all of the  
24 following conditions are met:

25 a. The implement, machinery, or equipment is  
26 directly and primarily used in livestock or dairy  
27 production, aquaculture production, or the production  
28 of flowering, ornamental, or vegetable plants.

29 b. The implement is not a self-propelled implement  
30 or implement customarily drawn or attached to self-  
31 propelled implements.

32 c. The replacement part is essential to any repair  
33 or reconstruction necessary to the farm machinery's or  
34 equipment's exempt use in livestock or dairy  
35 production, aquaculture production, or the production  
36 of flowering, ornamental, or vegetable plants.

37 12. The sales price, exclusive of services, from  
38 sales of irrigation equipment used in farming  
39 operations.

40 13. The sales price from the sale or rental of  
41 irrigation equipment, whether installed above or below  
42 ground, to a contractor or farmer if the equipment  
43 will be primarily used in agricultural operations.

44 14. The sales price from the sales of horses,  
45 commonly known as draft horses, when purchased for use  
46 and so used as draft horses.

47 15. The sales price from the sale of property  
48 which is a container, label, carton, pallet, packing  
49 case, wrapping, baling wire, twine, bag, bottle,  
50 shipping case, or other similar article or receptacle

**H-1517**

-16-

**H-1517**

Page 17

1 sold for use in agricultural, livestock, or dairy  
2 production.

3 16. The sales price from the sale of feed and feed  
4 supplements and additives when used for consumption by  
5 farm deer or bison.

6 17. The sales price of all goods, wares, or  
7 merchandise, or services, used for educational  
8 purposes sold to any private nonprofit educational  
9 institution in this state. For the purpose of this  
10 subsection, "educational institution" means an  
11 institution which primarily functions as a school,  
12 college, or university with students, faculty, and an  
13 established curriculum. The faculty of an educational  
14 institution must be associated with the institution  
15 and the curriculum must include basic courses which  
16 are offered every year. "Educational institution"  
17 includes an institution primarily functioning as a  
18 library.

19 18. The sales price of tangible personal property  
20 sold, or of services furnished, to the following  
21 nonprofit corporations:

22 a. Residential care facilities and intermediate  
23 care facilities for persons with mental retardation  
24 and residential care facilities for persons with  
25 mental illness licensed by the department of  
26 inspections and appeals under chapter 135C.

27 b. Residential facilities licensed by the  
28 department of human services pursuant to chapter 237,  
29 other than those maintained by individuals as defined  
30 in section 237.1, subsection 7.

31 c. Rehabilitation facilities that provide  
32 accredited rehabilitation services to persons with  
33 disabilities which are accredited by the commission on  
34 accreditation of rehabilitation facilities or the  
35 accreditation council for services for persons with  
36 mental retardation and other persons with  
37 developmental disabilities and adult day care services  
38 approved for reimbursement by the state department of  
39 human services.

40 d. Community mental health centers accredited by  
41 the department of human services pursuant to chapter  
42 225C.

43 e. Community health centers as defined in 42  
44 U.S.C. § 254(c) and migrant health centers as defined  
45 in 42 U.S.C. § 254(b).

46 19. The sales price of tangible personal property  
47 sold to a nonprofit organization which was organized  
48 for the purpose of lending the tangible personal  
49 property to the general public for use by them for  
50 nonprofit purposes.

**H-1517**

-17-

**H-1517**

Page 18

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

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

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

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

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

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

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

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

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

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

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

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

50 c. The sales or services were purchased by a

**H-1517**

**H-1517**

Page 19

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

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

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

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

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

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

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

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

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

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

**H-1517**

-19-



**H-1517**

Page 20

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

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

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

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

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

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

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

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

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

37 "Casual sales" means:

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

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

**H-1517**

-20-

**H-1517**

Page 21

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

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

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

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

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

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

50 44. The sales price from the sale of property

**H-1517**

**H-1517**

Page 22

1 which is a container, label, carton, pallet, packing  
2 case, wrapping paper, twine, bag, bottle, shipping  
3 case, or other similar article or receptacle sold to  
4 retailers or manufacturers for the purpose of  
5 packaging or facilitating the transportation of  
6 tangible personal property sold at retail or  
7 transferred in association with the maintenance or  
8 repair of fabric or clothing.

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

**H-1517**

**H-1517**

Page 23

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

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

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

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

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

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

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

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

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

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

45 (1) Hand tools.

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

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

**H-1517**

-23-

**H-1517**

Page 24

1 (4) Vehicles subject to registration, except  
2 vehicles subject to registration which are directly  
3 and primarily used in recycling or reprocessing of  
4 waste products.

5 d. As used in this subsection:

6 (1) "Commercial enterprise" includes businesses  
7 and manufacturers conducted for profit and centers for  
8 data processing services to insurance companies,  
9 financial institutions, businesses, and manufacturers,  
10 but excludes professions and occupations and nonprofit  
11 organizations.

12 (2) "Financial institution" means as defined in  
13 section 527.2.

14 (3) "Insurance company" means an insurer organized  
15 or operating under chapter 508, 514, 515, 518, 518A,  
16 519, or 520, or authorized to do business in Iowa as  
17 an insurer or an insurance producer under chapter  
18 522B.

19 (4) "Manufacturer" means as defined in section  
20 428.20, but also includes contract manufacturers. A  
21 contract manufacturer is a manufacturer that otherwise  
22 falls within the definition of manufacturer under  
23 section 428.20, except that a contract manufacturer  
24 does not sell the tangible personal property the  
25 contract manufacturer processes on behalf of other  
26 manufacturers. A business engaged in activities  
27 subsequent to the extractive process of quarrying or  
28 mining, such as crushing, washing, sizing, or blending  
29 of aggregate materials, is a manufacturer with respect  
30 to these activities.

31 (5) "Processing" means a series of operations in  
32 which materials are manufactured, refined, purified,  
33 created, combined, or transformed by a manufacturer,  
34 ultimately into tangible personal property.  
35 Processing encompasses all activities commencing with  
36 the receipt or producing of raw materials by the  
37 manufacturer and ending at the point products are  
38 delivered for shipment or transferred from the  
39 manufacturer. Processing includes but is not limited  
40 to refinement or purification of materials; treatment  
41 of materials to change their form, context, or  
42 condition; maintenance of the quality or integrity of  
43 materials, components, or products; maintenance of  
44 environmental conditions necessary for materials,  
45 components, or products; quality control activities;  
46 and construction of packaging and shipping devices,  
47 placement into shipping containers or any type of  
48 shipping devices or medium, and the movement of  
49 materials, components, or products until shipment from  
50 the processor.

**H-1517**

**H-1517**

Page 25

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

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

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

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

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

**H-1517**

-25-

**H-1517**

Page 26

1 this subsection and in subsection 49.

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

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

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

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

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

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

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

38 For the purposes of this subsection:

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

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

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

**H-1517**

**H-1517**

Page 27

1 ingredients:

2 (1) A vitamin.

3 (2) A mineral.

4 (3) An herb or other botanical.

5 (4) An amino acid.

6 (5) A dietary substance for use by humans to

7 supplement the diet by increasing the total dietary  
8 intake.

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

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

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

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

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

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

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

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

**H-1517**

-27-



**H-1517**

Page 28

1 vegetable or fruit juice by volume.

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

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

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

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

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

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

24 For the purposes of this subsection:

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

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

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

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

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

**H-1517**

-28-

**H-1517**

Page 29

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

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

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

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

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

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

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

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

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

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

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

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

**H-1517**

-29-

**H-1517**

Page 30

1 forty percent.

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

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

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

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

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

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

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

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

44 (2) Clothing accessories or equipment.

45 (3) The rental of clothing.

46 c. For purposes of this subsection:

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

**H-1517**

-30-

**H-1517**

Page 31

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

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

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

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

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

**H-1517**

-31-

**H-1517**

Page 32

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

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

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

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

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

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

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

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

**H-1517**

-32-

**H-1517**

Page 33

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

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

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

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

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

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

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

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

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

**H-1517**

-33-

**H-1517**

Page 34

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

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

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

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

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

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

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

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

48 a. Educational.

49 b. Religious.

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

**H-1517**

-34-

**H-1517**

Page 35

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

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

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

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

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

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

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

47 Sec. \_\_\_\_ . NEW SECTION. 423.4 REFUNDS.

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

**H-1517**



**H-1517**

Page 36

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

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

**H-1517**

**H-1517**

Page 37

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

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

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 38

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

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

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

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

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

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

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

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

43 SUBCHAPTER III

44 USE TAX

45 Sec. \_\_\_\_ . NEW SECTION. 423.5 IMPOSITION OF TAX.

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

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

**H-1517**

**H-1517**

Page 39

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

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

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

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

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

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

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

45 Sec. \_\_\_\_ . NEW SECTION. 423.6 EXEMPTIONS.

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

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

**H-1517**

**H-1517**

Page 40

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

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

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

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

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 41

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

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

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

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

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

**H-1517**

-41-

**H-1517**

Page 42

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

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

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

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

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

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

**H-1517**

-42-

**H-1517**

Page 43

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

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

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

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

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

27 c. The user was aware of this situation.

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

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

**H-1517**

-43-



**H-1517**

Page 44

1 subchapter.

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

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

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

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 45

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

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

## SUBCHAPTER IV

## UNIFORM SALES AND USE TAX ADMINISTRATION ACT

14 Sec. \_\_\_\_ . NEW SECTION. 423.7 TITLE.

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

18 Sec. \_\_\_\_ . NEW SECTION. 423.8 LEGISLATIVE FINDING  
19 AND INTENT.

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

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

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

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

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

**H-1517**

-45-

**H-1517**

Page 46

1 Sec. \_\_\_\_ . NEW SECTION. 423.10 RELATIONSHIP TO  
2 STATE LAW.

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

9 Sec. \_\_\_\_ . NEW SECTION. 423.11 AGREEMENT  
10 REQUIREMENTS.

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

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

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

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

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

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

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

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

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

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

**H-1517**

-46-

**H-1517**

Page 47

1 use taxes levied by local jurisdictions within the  
2 state so that sellers collecting and remitting these  
3 taxes must not have to register or file returns with,  
4 remit funds to, or be subject to independent audits  
5 from local taxing jurisdictions.

6 c. Restricting the frequency of changes in the  
7 local sales and use tax rates and setting effective  
8 dates for the application of local jurisdictional  
9 boundary changes to local sales and use taxes.

10 d. Providing notice of changes in local sales and  
11 use tax rates and of changes in the boundaries of  
12 local taxing jurisdictions.

13 7. MONETARY ALLOWANCES. The agreement must  
14 outline any monetary allowances that are to be  
15 provided by the states to sellers or certified service  
16 providers.

17 8. STATE COMPLIANCE. The agreement must require  
18 each state to certify compliance with the terms of the  
19 agreement prior to joining and to maintain compliance,  
20 under the laws of the member state, with all  
21 provisions of the agreement while a member.

22 9. CONSUMER PRIVACY. The agreement must require  
23 each state to adopt a uniform policy for certified  
24 service providers that protects the privacy of  
25 consumers and maintains the confidentiality of tax  
26 information.

27 10. ADVISORY COUNCILS. The agreement must provide  
28 for the appointment of an advisory council of private  
29 sector representatives and an advisory council of  
30 nonmember state representatives to consult with in the  
31 administration of the agreement.

32 Sec. \_\_\_\_ . NEW SECTION. 423.12 LIMITED BINDING  
33 AND BENEFICIAL EFFECT.

34 1. The agreement binds and inures only to the  
35 benefit of Iowa and the other member states. A  
36 person, other than a member state, is not an intended  
37 beneficiary of the agreement. Any benefit to a person  
38 other than a member state is established by the law of  
39 Iowa and not by the terms of the agreement.

40 2. A person shall not have any cause of action or  
41 defense under the agreement or by virtue of this  
42 state's entry into the agreement. A person may not  
43 challenge, in any action brought under any provision  
44 of law, any action or inaction by any department,  
45 agency, or other instrumentality of this state, or any  
46 political subdivision of this state on the ground that  
47 the action or inaction is inconsistent with the  
48 agreement.

49 3. A law of this state, or the application of it,  
50 shall not be declared invalid as to any such person or

**H-1517**

**H-1517**

Page 48

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

3 SUBCHAPTER V

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

7 Sec. \_\_\_\_ . NEW SECTION. 423.13 PURPOSE OF THIS  
8 SUBCHAPTER.

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

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

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

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

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

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

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

**H-1517**

-48-

**H-1517**

Page 49

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 50

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

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

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

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

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

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

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

**H-1517**

-50-

**H-1517**

Page 51

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

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

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

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

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

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

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

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

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

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

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

**H-1517**



**H-1517**

Page 52

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

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

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

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

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

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

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

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

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

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

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

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

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

**H-1517**

-52-

**H-1517**

Page 53

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

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

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

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

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

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

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

41 Sec. \_\_\_\_\_. NEW SECTION. 423.19 DIRECT MAIL  
42 SOURCING.

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

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

**H-1517**

**H-1517**

Page 54

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

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

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

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

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

32 1. As used in this section:

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

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

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

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

**H-1517**

**H-1517**

Page 55

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

**H-1517**

-55-

**H-1517**

Page 56

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

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

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

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

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

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

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

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

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

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

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

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

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

**H-1517**

-56-

**H-1517**

Page 57

1 (a) The seller's telecommunications system.

2 (b) Information received by the seller from its  
3 service provider, where the system used to transport  
4 such signals is not that of the seller.

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

12 (4) A sale of a private telecommunications service  
13 is sourced as follows:

14 (a) Service for a separate charge related to a  
15 customer channel termination point is sourced to each  
16 level of jurisdiction in which such customer channel  
17 termination point is located.

18 (b) Service where all customer termination points  
19 are located entirely within one jurisdiction or level  
20 of jurisdiction is sourced in such jurisdiction in  
21 which the customer channel termination points are  
22 located.

23 (c) Service for segments of a channel between two  
24 customer channel termination points located in  
25 different jurisdictions and which segments of a  
26 channel are separately charged is sourced fifty  
27 percent in each level of jurisdiction in which the  
28 customer channel termination points are located.

29 (d) Service for segments of a channel located in  
30 more than one jurisdiction or levels of jurisdiction  
31 and which segments are not separately billed is  
32 sourced in each jurisdiction based on the percentage  
33 determined by dividing the number of customer channel  
34 termination points in such jurisdiction by the total  
35 number of customer channel termination points.

36 Sec. \_\_\_\_\_. NEW SECTION. 423.21 BAD DEBT  
37 DEDUCTIONS.

38 1. For the purposes of this section, "bad debt"  
39 means an amount properly calculated pursuant to  
40 section 166 of the Internal Revenue Code then adjusted  
41 to exclude financing charges or interest, sales or use  
42 taxes charged on the purchase price, uncollectible  
43 amounts on property that remain in the possession of  
44 the seller until the full purchase price is paid,  
45 expenses incurred in attempting to collect any debt,  
46 and repossessed property.

47 2. In computing the amount of tax due, a seller  
48 may deduct bad debts from the total amount upon which  
49 the tax is calculated for any return. Any deduction  
50 taken or refund paid which is attributed to bad debts

**H-1517**

-57-

**H-1517**

Page 58

1 shall not include interest.

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

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

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

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

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

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

**H-1517**

-58-

**H-1517**

Page 59

1 Sec. \_\_\_\_ . NEW SECTION. 423.23 SELLERS'

2 AGREEMENTS.

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

14 Sec. \_\_\_\_ . NEW SECTION. 423.24 ABSORBING TAX  
15 PROHIBITED.

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

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

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

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

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

**H-1517**



**H-1517**

Page 60

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

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

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

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

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

49 a. Title fee.

50 b. Registration fees.

**H-1517**

-60-

**H-1517**

Page 61

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

**H-1517**

-61-

**H-1517**

Page 62

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

4 Sec. \_\_\_\_ . NEW SECTION. 423.29 COLLECTIONS BY  
5 SELLERS.

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

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

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

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

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

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

50 1. Each person subject to this section and section

**H-1517**

H-1517

Page 63

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

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

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

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

H-1517

-63-

**H-1517**

Page 64

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

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

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

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

37 Sec. \_\_\_\_ . NEW SECTION. 423.32 FILING OF USE TAX  
38 RETURNS AND PAYMENT OF USE TAX.

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

**H-1517**

-64-

**H-1517**

Page 65

1 by the director.

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

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

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

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

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

**H-1517**

**H-1517**

Page 66

1 USE TAX.

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

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

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

**H-1517**

**H-1517**

Page 67

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

9 Sec. \_\_\_\_ . NEW SECTION. 423.34 LIABILITY OF USER.

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

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

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

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

**H-1517**



**H-1517**

Page 68

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

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

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

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

**H-1517**

-68-

**H-1517**

Page 69

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

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

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

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

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

**H-1517**

**H-1517**

Page 70

1 subsection 1 shall not be required to obtain any  
2 separate sales tax permit for the purpose of engaging  
3 in business involving the services.

4 8. a. Except as provided in paragraph "b",  
5 purchasers, users, and consumers of tangible personal  
6 property or enumerated services taxed pursuant to  
7 subchapter II or III of this chapter or chapters 423B  
8 and 423E may be authorized, pursuant to rules adopted  
9 by the director, to remit tax owed directly to the  
10 department instead of the tax being collected and paid  
11 by the seller. To qualify for a direct pay tax  
12 permit, the purchaser, user, or consumer must accrue a  
13 tax liability of more than four thousand dollars in  
14 tax under subchapters II and III in a semimonthly  
15 period and make deposits and file returns pursuant to  
16 section 423.31. This authority shall not be granted  
17 or exercised except upon application to the director  
18 and then only after issuance by the director of a  
19 direct pay tax permit.

20 b. The granting of a direct pay tax permit is not  
21 authorized for any of the following:

22 (1) Taxes imposed on the sales, furnishing, or  
23 service of gas, electricity, water, heat, pay  
24 television service, and communication service.

25 (2) Taxes imposed under sections 423.26 and 423.27  
26 and chapter 423C.

27 Sec. \_\_\_\_ . NEW SECTION. 423.37 FAILURE TO FILE  
28 SALES OR USE TAX RETURNS -- INCORRECT RETURNS.

29 1. As soon as practicable after a return is filed  
30 and in any event within three years after the return  
31 is filed, the department shall examine it, assess and  
32 determine the tax due if the return is found to be  
33 incorrect, and give notice to the person liable for  
34 the tax of the assessment and determination as  
35 provided in subsection 2. The period for the  
36 examination and determination of the correct amount of  
37 tax is unlimited in the case of a false or fraudulent  
38 return made with the intent to evade tax or in the  
39 case of a failure to file a return.

40 2. If a return required by this subchapter is not  
41 filed, or if a return when filed is incorrect or  
42 insufficient and the maker fails to file a corrected  
43 or sufficient return within twenty days after the same  
44 is required by notice from the department, the  
45 department shall determine the amount of tax due from  
46 information as the department may be able to obtain  
47 and, if necessary, may estimate the tax on the basis  
48 of external indices, such as number of employees of  
49 the person concerned, rentals paid by the person,  
50 stock on hand, or other factors. The department shall

**H-1517**

H-1517

Page 71

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

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

21 Sec. \_\_\_\_ . NEW SECTION. 423.38 JUDICIAL REVIEW.

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

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

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

35 Sec. \_\_\_\_ . NEW SECTION. 423.39 SERVICE OF  
36 NOTICES.

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

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

H-1517

**H-1517**

Page 72

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

5 Sec. \_\_\_\_ . NEW SECTION. 423.40 PENALTIES --  
6 OFFENSES -- LIMITATION.

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

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

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

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

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

**H-1517**

H-1517

Page 73

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

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

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

14 Sec. \_\_\_\_ . NEW SECTION. 423.41 BOOKS --  
15 EXAMINATION.

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

38 Sec. \_\_\_\_ . NEW SECTION. 423.42 STATUTES  
39 APPLICABLE.

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

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

H-1517

-73-

H-1517

Page 74

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

19 Sec. \_\_\_\_ . NEW SECTION. 423.43 DEPOSIT OF REVENUE  
20 -- APPROPRIATIONS.

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

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

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

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

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

H-1517

H-1517

Page 75

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

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

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

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

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

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

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

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

H-1517

-75-



H-1517

Page 76

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

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

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

30 b. The sales tax liability for all sales of  
31 tangible personal property and all sales of services  
32 is upon the seller and the purchaser unless the seller  
33 takes in good faith from the purchaser a valid  
34 exemption certificate stating under penalty of perjury  
35 that the purchase is for a nontaxable purpose and is  
36 not a retail sale as defined in section 423.1, or the  
37 seller is not obligated to collect tax due, or unless  
38 the seller takes a fuel exemption certificate pursuant  
39 to subsection 5. If the tangible personal property or  
40 services are purchased tax free pursuant to a valid  
41 exemption certificate which is taken in good faith by  
42 the seller, and the tangible personal property or  
43 services are used or disposed of by the purchaser in a  
44 nonexempt manner, the purchaser is solely liable for  
45 the taxes and shall remit the taxes directly to the  
46 department and sections 423.31, 423.32, 423.37,  
47 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
48 to the purchaser.

49 c. A valid exemption certificate is an exemption  
50 certificate which is complete and correct according to

H-1517

**H-1517**

Page 77

1 the requirements of the director.

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

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

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

26 b. For purposes of this subsection:

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

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

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

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

**H-1517**

-77-

**H-1517**

Page 78

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

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

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

**H-1517**

H-1517

Page 79

1 in accordance with paragraph "c".

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

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

17 Sec. \_\_\_\_ . NEW SECTION. 423.46 RATE AND BASE  
18 CHANGES.

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

28 Sec. \_\_\_\_ . NEW SECTION. 423.47 REFUNDS AND  
29 CREDITS.

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

43 SUBCHAPTER VI  
44 SALES AND USE TAX ACT -- ADMINISTRATION OF  
45 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
46 AGREEMENT

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

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

H-1517

-79-

**H-1517**

Page 80

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

6 2. The following provisions apply to any seller  
7 who registers under the agreement:

8 a. The seller may register on-line.

9 b. Registration under the agreement and the  
10 collection of Iowa sales and use taxes shall not be  
11 used as factors in determining whether the seller has  
12 nexus with Iowa for any tax.

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

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

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

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

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

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

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

**H-1517**

**H-1517**

Page 81

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

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

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

23 Sec. \_\_\_\_ . NEW SECTION. 423.49 RETURNS.

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

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

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

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

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

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

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

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

**H-1517**

-81-

**H-1517**

Page 82

1 Sec. \_\_\_\_ . NEW SECTION. 423.50 REMITTANCE OF  
2 FUNDS.

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

11 2. All remittances shall be remitted  
12 electronically.

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

21 4. If a due date falls on a legal banking holiday  
22 in this state, the taxes are due on the succeeding  
23 business day.

24 Sec. \_\_\_\_ . NEW SECTION. 423.51 ADMINISTRATION OF  
25 EXEMPTIONS.

26 1. The following provisions shall apply when a  
27 purchaser claims an exemption:

28 a. The seller shall obtain identifying information  
29 of the purchaser and the reason for claiming a tax  
30 exemption at the time of the purchase as determined by  
31 the member states acting jointly.

32 b. A purchaser is not required to provide a  
33 signature to claim an exemption from tax unless a  
34 paper certificate is used.

35 c. The seller shall use the standard form for  
36 claiming an exemption electronically as adopted  
37 jointly by the member states.

38 d. The seller shall obtain the same information  
39 for proof of a claimed exemption regardless of the  
40 medium in which the transaction occurred.

41 e. The department may authorize a system wherein  
42 the purchaser exempt from the payment of the tax is  
43 issued an identification number which shall be  
44 presented to the seller at the time of the sale.

45 f. The seller shall maintain proper records of  
46 exempt transactions and provide them to the department  
47 when requested.

48 g. The department shall administer entity-based  
49 and use-based exemptions when practicable through a  
50 direct pay tax permit, an exemption certificate, or

**H-1517**

H-1517

Page 83

1 another means that does not burden sellers. For the  
2 purposes of this paragraph:

3 (1) An "entity-based exemption" is an exemption  
4 based on who purchases the product or who sells the  
5 product.

6 (2) A "use-based exemption" is an exemption based  
7 on the purchaser's use of the product.

8 2. Sellers that follow the requirements of this  
9 section are relieved from any tax otherwise applicable  
10 if it is determined that the purchaser improperly  
11 claimed an exemption and that the purchaser is liable  
12 for the nonpayment of tax. This relief from liability  
13 does not apply to a seller who fraudulently fails to  
14 collect the tax or solicits purchasers to participate  
15 in the unlawful claim of an exemption.

16 Sec. \_\_\_\_ . NEW SECTION. 423.52 RELIEF FROM  
17 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

18 Sellers and certified service providers are  
19 relieved from liability to this state or its local  
20 taxing jurisdictions for having charged and collected  
21 the incorrect amount of sales or use tax resulting  
22 from the seller or certified service provider relying  
23 on erroneous data provided by this state on tax rates,  
24 boundaries, or taxing jurisdiction assignments. If  
25 this state provides an address-based system for  
26 assigning taxing jurisdictions whether or not pursuant  
27 to the federal Mobile Telecommunications Sourcing Act,  
28 the director is not required to provide liability  
29 relief for errors resulting from reliance on the  
30 information provided by this state.

31 Sec. \_\_\_\_ . NEW SECTION. 423.53 BAD DEBTS AND  
32 MODEL 1 SELLERS.

33 A certified service provider may claim, on behalf  
34 of a model 1 seller, any bad debt deduction as  
35 provided in section 423.21. The certified service  
36 provider must credit or refund the full amount of any  
37 bad debt deduction or refund received to the seller.

38 Sec. \_\_\_\_ . NEW SECTION. 423.54 AMNESTY FOR  
39 REGISTERED SELLERS.

40 1. Subject to the limitations in subsections 2  
41 through 6, the following provisions apply:

42 a. Amnesty is provided for uncollected or unpaid  
43 sales or use tax to a seller who registers to pay or  
44 to collect and remit applicable sales or use tax on  
45 sales made to purchasers in this state in accordance  
46 with the terms of the agreement, provided the seller  
47 was not so registered in this state in the twelve-  
48 month period preceding the commencement of Iowa's  
49 participation in the agreement.

50 b. Amnesty precludes assessment of the seller for

H-1517



H-1517

Page 84

1 uncollected or unpaid sales or use tax together with  
2 penalty or interest for sales made during the period  
3 the seller was not registered in this state, provided  
4 registration occurs within twelve months of the  
5 commencement of Iowa's participation in the agreement.

6 c. Amnesty shall be provided to any seller  
7 lawfully registered under the agreement by any other  
8 member state prior to the date of the commencement of  
9 Iowa's participation in the agreement.

10 2. Amnesty is not available to a seller with  
11 respect to any matter or matters for which the seller  
12 received notice of the commencement of an audit and  
13 which audit is not yet finally resolved, including any  
14 related administrative and judicial processes.

15 3. Amnesty is not available for sales or use taxes  
16 already paid or remitted or to taxes collected by the  
17 seller.

18 4. Amnesty is fully effective absent the seller's  
19 fraud or intentional misrepresentation of a material  
20 fact as long as the seller continues registration and  
21 continues payment or collection and remittance of  
22 applicable sales or use taxes for a period of at least  
23 thirty-six months. The statute of limitations  
24 applicable to asserting a tax liability is tolled  
25 during this thirty-six month period.

26 5. Amnesty is applicable only to sales or use  
27 taxes due from a seller in its capacity as a seller  
28 and not to sales or use taxes due from a seller in its  
29 capacity as a buyer.

30 6. The director may allow amnesty on terms and  
31 conditions more favorable to a seller than the terms  
32 required by this section.

33 Sec. \_\_\_\_ . NEW SECTION. 423.55 DATABASES.

34 The department shall provide and maintain databases  
35 required by the agreement for the benefit of sellers  
36 registered under the agreement.

37 Sec. \_\_\_\_ . NEW SECTION. 423.56 CONFIDENTIALITY  
38 AND PRIVACY PROTECTIONS UNDER MODEL 1.

39 1. As used in this section:

40 a. "Anonymous data" means information that does  
41 not identify a person.

42 b. "Confidential taxpayer information" means all  
43 information that is protected under this state's laws,  
44 rules, and privileges.

45 c. "Personally identifiable information" means  
46 information that identifies a person.

47 2. With very limited exceptions, a certified  
48 service provider shall perform its tax calculation,  
49 remittance, and reporting functions without retaining  
50 the personally identifiable information of consumers.

H-1517

-84-

**H-1517**

Page 85

1 3. A certified service provider may perform its  
2 services in this state only if the certified service  
3 provider certifies that:

4 a. Its system has been designed and tested to  
5 ensure that the fundamental precept of anonymity is  
6 respected.

7 b. Personally identifiable information is only  
8 used and retained to the extent necessary for the  
9 administration of model 1 sellers with respect to  
10 exempt purchasers.

11 c. It provides consumers clear and conspicuous  
12 notice of its information practices, including what  
13 information it collects, how it collects the  
14 information, how it uses the information, how long, if  
15 at all, it retains the information, and whether it  
16 discloses the information to member states. This  
17 notice shall be satisfied by a written privacy policy  
18 statement accessible by the public on the official web  
19 site of the certified service provider.

20 d. Its collection, use, and retention of  
21 personally identifiable information is limited to that  
22 required by the member states to ensure the validity  
23 of exemptions from taxation that are claimed by reason  
24 of a consumer's status or the intended use of the  
25 goods or services purchased.

26 e. It provides adequate technical, physical, and  
27 administrative safeguards so as to protect personally  
28 identifiable information from unauthorized access and  
29 disclosure.

30 4. The department shall provide public  
31 notification of its practices relating to the  
32 collection, use, and retention of personally  
33 identifiable information.

34 5. When any personally identifiable information  
35 that has been collected and retained by the department  
36 or certified service provider is no longer required  
37 for the purposes set forth in subsection 3, paragraph  
38 "d", that information shall no longer be retained by  
39 the department or certified service provider.

40 6. When personally identifiable information  
41 regarding an individual is retained by or on behalf of  
42 this state, this state shall provide reasonable access  
43 by such individual to his or her own information in  
44 the state's possession and a right to correct any  
45 inaccurately recorded information.

46 7. This privacy policy is subject to enforcement  
47 by the department and the attorney general.

48 8. This state's laws and rules regarding the  
49 collection, use, and maintenance of confidential  
50 taxpayer information remain fully applicable and

**H-1517**

-85-

H-1517

Page 86

1 binding. Without limitation, the agreement does not  
2 enlarge or limit the state's or department's authority  
3 to:

4 a. Conduct audits or other review as provided  
5 under the agreement and state law.

6 b. Provide records pursuant to its examination of  
7 public records law, disclosure laws of individual  
8 governmental agencies, or other regulations.

9 c. Prevent, consistent with state law, disclosures  
10 of confidential taxpayer information.

11 d. Prevent, consistent with federal law,  
12 disclosures or misuse of federal return information  
13 obtained under a disclosure agreement with the  
14 internal revenue service.

15 e. Collect, disclose, disseminate, or otherwise  
16 use anonymous data for governmental purposes.

17 9. This privacy policy does not preclude the  
18 certification of a certified service provider whose  
19 privacy policy is more protective of confidential  
20 taxpayer information or personally identifiable  
21 information than is required by the agreement.

22 Sec. \_\_\_\_ . NEW SECTION. 423.57 STATUTES  
23 APPLICABLE.

24 The director shall administer this subchapter as it  
25 relates to the taxes imposed in this chapter in the  
26 same manner and subject to all the provisions of, and  
27 all of the powers, duties, authority, and restrictions  
28 contained in sections 423.14, 423.15, 423.16, 423.17,  
29 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
30 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
31 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
32 423.40, 423.41, and 423.42, section 423.43, subsection  
33 3, and sections 423.45, 423.46, and 423.47.

34 Sec. \_\_\_\_ . NEW SECTION. 423.60 REMOTE SALES TAX  
35 FUND -- APPROPRIATIONS.

36 1. A remote sales tax fund is created as a  
37 separate fund in the state treasury under the control  
38 of the department of revenue and finance consisting of  
39 the state sales and use tax revenues collected from  
40 remote sales and deposited as provided in section  
41 423.43, subsection 3.

42 2. There is appropriated from the remote sales tax  
43 fund for the fiscal year beginning July 1, 2005, and  
44 each succeeding fiscal year to the general fund of the  
45 state the following:

46 a. The first sixty million dollars deposited into  
47 the fund during each fiscal year.

48 b. An amount to offset the projected loss during  
49 the fiscal year to the general fund of the state  
50 resulting from a state tax relief Act enacted during

H-1517

-86-

H-1517

Page 87

1 the period beginning four and one-half years prior to  
2 the start of the fiscal year. However, any state tax  
3 relief Act enacted prior to July 1, 2004, shall not be  
4 covered under this subsection.

5 3. For purposes of subsection 2, "state tax relief  
6 Act" means an Act that was projected by the  
7 legislative fiscal bureau to result in a loss in  
8 revenue to the general fund of the state of at least  
9 five million dollars in the first full fiscal year  
10 during which the Act is effective and that contains  
11 any of the following:

- 12 a. A state sales or use tax exemption.
- 13 b. A deduction for any state tax.
- 14 c. A reduction in any state tax rate.

15 Sec. \_\_\_\_.

- 16 1. Sections 422.42 through 422.59, Code 2003, are repealed.
- 17 2. Chapter 423, Code 2003, is repealed.

18 COORDINATING AMENDMENTS

19 Sec. \_\_\_\_ Section 15.331A, Code 2003, is amended  
20 to read as follows:

21 15.331A SALES, SERVICES, AND USE TAX REFUND --  
22 CONTRACTOR OR SUBCONTRACTOR.

23 The eligible business or a supporting business  
24 shall be entitled to a refund of the sales and use  
25 taxes paid under ~~chapters 422 and chapter~~ 423 for gas,  
26 electricity, water, or sewer utility services, goods,  
27 wares, or merchandise, or on services rendered,  
28 furnished, or performed to or for a contractor or  
29 subcontractor and used in the fulfillment of a written  
30 contract relating to the construction or equipping of  
31 a facility within the economic development area of the  
32 eligible business or a supporting business. Taxes  
33 attributable to intangible property and furniture and  
34 furnishings shall not be refunded.

35 To receive the refund a claim shall be filed by the  
36 eligible business or a supporting business with the  
37 department of revenue and finance as follows:

38 1. The contractor or subcontractor shall state  
39 under oath, on forms provided by the department, the  
40 amount of the sales of goods, wares, or merchandise or  
41 services rendered, furnished, or performed including  
42 water, sewer, gas, and electric utility services for  
43 use in the economic development area upon which sales  
44 or use tax has been paid prior to the project  
45 completion, and shall file the forms with the eligible  
46 business or supporting business before final  
47 settlement is made.

48 2. The eligible business or a supporting business  
49 shall, not more than one year after project  
50 completion, make application to the department for any

H-1517

**H-1517**

Page 88

1 refund of the amount of the sales and use taxes paid  
2 pursuant to chapter ~~422~~ or 423 upon any goods, wares,  
3 or merchandise, or services rendered, furnished, or  
4 performed, including water, sewer, gas, and electric  
5 utility services. The application shall be made in  
6 the manner and upon forms to be provided by the  
7 department, and the department shall audit the claim  
8 and, if approved, issue a warrant to the eligible  
9 business or supporting business in the amount of the  
10 sales or use tax which has been paid to the state of  
11 Iowa under a contract. A claim filed by the eligible  
12 business or a supporting business in accordance with  
13 this section shall not be denied by reason of a  
14 limitation provision set forth in chapter ~~421, 422,~~ or  
15 423.

16 3. A contractor or subcontractor who willfully  
17 makes a false report of tax paid under the provisions  
18 of this section is guilty of a simple misdemeanor and  
19 in addition is liable for the payment of the tax and  
20 any applicable penalty and interest.

21 Sec. \_\_\_\_\_. Section 15.334A, Code 2003, is amended  
22 to read as follows:

23 15.334A SALES AND USE TAX EXEMPTION.

24 An eligible business may claim an exemption from  
25 sales and use taxation under section ~~422.45~~ 423.3,  
26 subsection ~~27~~ 46, for property which is exempt from  
27 taxation under section 15.334, notwithstanding the  
28 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
29 46, or any other provision of the Code to the  
30 contrary.

31 Sec. \_\_\_\_\_. Section 15A.9, subsections 5, 6, and 7,  
32 Code 2003, are amended to read as follows:

33 5. PROPERTY TAX EXEMPTION.

34 a. All property, as defined in section 427A.1,  
35 subsection 1, paragraphs "e" and "j", Code 1993, used  
36 by the primary business or a supporting business and  
37 located within the zone, shall be exempt from property  
38 taxation for a period of twenty years beginning with  
39 the year it is first assessed for taxation. In order  
40 to be eligible for this exemption, the property shall  
41 be acquired or leased by the primary business or a  
42 supporting business or relocated by the primary  
43 business or a supporting business to the zone from  
44 outside the state prior to project completion.

45 b. Property which is exempt for property tax  
46 purposes under this subsection is eligible for the  
47 sales and use tax exemption under section ~~422.45~~  
48 423.3, subsection ~~27~~ 46, notwithstanding that  
49 subsection or any other provision of the Code to the  
50 contrary.

**H-1517**

H-1517

Page 89

1 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
2 paid pursuant to chapter ~~422~~ or 423 on the gross  
3 ~~receipts~~ sales price or rental price of property  
4 purchased or rented by the primary business or a  
5 supporting business for use by the primary business or  
6 a supporting business within the zone or on gas,  
7 electricity, water, and sewer utility services prior  
8 to project completion shall be refunded to the primary  
9 business or supporting business if the item was  
10 purchased or the service was performed or received  
11 prior to project completion. Claims under this  
12 section shall be submitted on forms provided by the  
13 department of revenue and finance not later than six  
14 months after project completion. The refund in this  
15 subsection shall not apply to furniture or  
16 furnishings, or intangible property.

17 7. SALES, SERVICES, AND USE TAX REFUND --  
18 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
19 a supporting business shall be entitled to a refund of  
20 the sales and use taxes paid under ~~chapters 422 and~~  
21 chapter 423 for gas, electricity, water, or sewer  
22 utility services, goods, wares, or merchandise, or on  
23 services rendered, furnished, or performed to or for a  
24 contractor or subcontractor and used in the  
25 fulfillment of a written contract relating to the  
26 construction or equipping of a facility within the  
27 zone of the primary business or a supporting business.  
28 Taxes attributable to intangible property and  
29 furniture and furnishings shall not be refunded.

30 To receive the refund a claim shall be filed by the  
31 primary business or a supporting business with the  
32 department of revenue and finance as follows:

33 a. The contractor or subcontractor shall state  
34 under oath, on forms provided by the department, the  
35 amount of the sales of goods, wares, or merchandise or  
36 services rendered, furnished, or performed including  
37 water, sewer, gas, and electric utility services for  
38 use in the zone upon which sales or use tax has been  
39 paid prior to the project completion, and shall file  
40 the forms with the primary business or supporting  
41 business before final settlement is made.

42 b. The primary business or a supporting business  
43 shall, not more than six months after project  
44 completion, make application to the department for any  
45 refund of the amount of the sales and use taxes paid  
46 pursuant to chapter ~~422~~ or 423 upon any goods, wares,  
47 or merchandise, or services rendered, furnished, or  
48 performed, including water, sewer, gas, and electric  
49 utility services. The application shall be made in  
50 the manner and upon forms to be provided by the

H-1517

-89-

H-1517

Page 90

1 department, and the department shall audit the claim  
2 and, if approved, issue a warrant to the primary  
3 business or supporting business in the amount of the  
4 sales or use tax which has been paid to the state of  
5 Iowa under a contract. A claim filed by the primary  
6 business or a supporting business in accordance with  
7 this subsection shall not be denied by reason of a  
8 limitation provision set forth in chapter 421, 422, or  
9 423.

10 c. A contractor or subcontractor who willfully  
11 makes a false report of tax paid under the provisions  
12 of this subsection is guilty of a simple misdemeanor  
13 and in addition is liable for the payment of the tax  
14 and any applicable penalty and interest.

15 Sec. \_\_\_\_\_. Section 28A.17, unnumbered paragraph 1,  
16 Code 2003, is amended to read as follows:

17 If an authority is established as provided in  
18 section 28A.6 and after approval of a referendum by a  
19 simple majority of votes cast in each metropolitan  
20 area in favor of the sales and services tax, the  
21 governing board of a county in this state within a  
22 metropolitan area which is part of the authority shall  
23 impose, at the request of the authority, a local sales  
24 and services tax at the rate of one-fourth of one  
25 percent on ~~gross receipts~~ the sales price taxed by  
26 this state under ~~chapter 422, division IV section~~  
27 423.2, within the metropolitan area located in this  
28 state. The referendum shall be called by resolution  
29 of the board and shall be held as provided in section  
30 28A.6 to the extent applicable. The ballot  
31 proposition shall contain a statement as to the  
32 specific purpose or purposes for which the revenues  
33 shall be expended and the date of expiration of the  
34 tax. The local sales and services tax shall be  
35 imposed on the same basis, with the same exceptions,  
36 and following the same administrative procedures as  
37 provided for a county under sections 422B.8 and  
38 422B.9. The amount of the sale, for the purposes of  
39 determining the amount of the local sales and services  
40 tax under this section, does not include the amount of  
41 any local sales and services tax imposed under  
42 sections 422B.8 and 422B.9.

43 Sec. \_\_\_\_\_. Section 29C.15, Code 2003, is amended to  
44 read as follows:

45 29C.15 TAX-EXEMPT PURCHASES.

46 All purchases under the provisions of this chapter  
47 shall be exempt from the taxes imposed by sections  
48 ~~422.43~~ 423.2 and ~~423.2~~ 423.5.

49 Sec. \_\_\_\_\_. Section 99E.10, subsection 1, paragraph  
50 b, Code 2003, is amended to read as follows:

H-1517

-90-

H-1517

Page 91

1 b. An amount equal to the product of the state  
2 sales tax rate under section ~~422.43~~ 423.2 multiplied  
3 by the gross sales price of each ticket or share sold  
4 shall be deducted as the sales tax on the sale of that  
5 ticket or share, remitted to the treasurer of state  
6 and deposited into the state general fund.

7 Sec. \_\_\_\_\_. Section 123.187, subsection 2, Code  
8 2003, is amended to read as follows:

9 2. A winery licensed or permitted pursuant to laws  
10 regulating alcoholic beverages in a state which  
11 affords this state an equal reciprocal shipping  
12 privilege may ship into this state by private common  
13 carrier, to a person twenty-one years of age or older,  
14 not more than eighteen liters of wine per month, for  
15 consumption or use by the person. Such wine shall not  
16 be resold. Shipment of wine pursuant to this  
17 subsection is not subject to sales tax under section  
18 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or  
19 the wine gallonage tax under section 123.183, and does  
20 not require a refund value for beverage container  
21 control purposes under chapter 455C.

22 Sec. \_\_\_\_\_. Section 262.54, Code 2003, is amended to  
23 read as follows:

24 262.54 COMPUTER SALES.

25 Sales, by an institution under the control of the  
26 board of regents, of computer equipment, computer  
27 software, and computer supplies to students and  
28 faculty at the institution are retail sales under  
29 chapter ~~422, division IV~~ 423.

30 Sec. \_\_\_\_\_. Section 303.9, subsection 2, Code 2003,  
31 is amended to read as follows:

32 2. The department may sell mementos and other  
33 items relating to Iowa history and historic sites on  
34 the premises of property under control of the  
35 department and at the state capitol. Notwithstanding  
36 sections 18.12 and 18.16, the department may directly  
37 and independently enter into rental and lease  
38 agreements with private vendors for the purpose of  
39 selling mementos. All fees and income produced by the  
40 sales and rental or lease agreements shall be credited  
41 to the account of the department. The mementos and  
42 other items sold by the department or vendors under  
43 this subsection are exempt from section 18.6. ~~The~~  
44 ~~department is not a retailer under chapter 422 and the~~  
45 ~~sale of such mementos and other items by the~~  
46 ~~department is not a retail sale under chapter 422 and~~  
47 ~~is exempt from the sales tax.~~

48 Sec. \_\_\_\_\_. Section 312.1, subsection 4, Code 2003,  
49 is amended to read as follows:

50 4. To the extent provided in section ~~423.24~~

H-1517

-91-



**H-1517**

Page 92

1 423.43, subsection 1, paragraph "b", from revenue  
2 derived from the use tax, under chapter 423 on motor  
3 vehicles, trailers, and motor vehicle accessories and  
4 equipment.

5 Sec. \_\_\_\_\_. Section 312.2, subsections 14 and 16,  
6 Code 2003, are amended to read as follows:

7 14. The treasurer of state, before making the  
8 allotments provided for in this section, shall credit  
9 monthly from the road use tax fund to the general fund  
10 of the state from revenue credited to the road use tax  
11 fund under section ~~423.24~~ 423.43, subsection 1,  
12 paragraph "b", an amount equal to one-twentieth of  
13 eighty percent of the revenue from the operation of  
14 section ~~423.7~~ 423.26.

15 There is appropriated from the general fund of the  
16 state for each fiscal year to the state department of  
17 transportation the amount of revenues credited to the  
18 general fund of the state during the fiscal year under  
19 this subsection to be used for purposes of public  
20 transit assistance under chapter 324A.

21 16. The treasurer of state, before making the  
22 allotments provided for in this section, shall credit  
23 monthly from the road use tax fund to the motorcycle  
24 rider education fund established in section 321.180B,  
25 an amount equal to one dollar per year of license  
26 validity for each issued or renewed driver's license  
27 which is valid for the operation of a motorcycle.  
28 Moneys credited to the motorcycle rider education fund  
29 under this subsection shall be taken from moneys  
30 credited to the road use tax fund under section ~~423.24~~  
31 423.43.

32 Sec. \_\_\_\_\_. Section 321.20, subsection 5, Code 2003,  
33 is amended to read as follows:

34 5. The amount of tax to be paid under section  
35 ~~423.7~~ 423.26.

36 Sec. \_\_\_\_\_. Section 321.24, subsections 1 and 3,  
37 Code 2003, are amended to read as follows:

38 1. Upon receipt of the application for title and  
39 payment of the required fees for a motor vehicle,  
40 trailer, or semitrailer, the county treasurer or the  
41 department shall, when satisfied as to the  
42 application's genuineness and regularity, and, in the  
43 case of a mobile home or manufactured home, that taxes  
44 are not owing under chapter 435, issue a certificate  
45 of title and, except for a mobile home or manufactured  
46 home, a registration receipt, and shall file the  
47 application, the manufacturer's or importer's  
48 certificate, the certificate of title, or other  
49 evidence of ownership, as prescribed by the  
50 department. The registration receipt shall be

**H-1517**

**H-1517**

Page 93

1 delivered to the owner and shall contain upon its face  
2 the date issued, the name and address of the owner,  
3 the registration number assigned to the vehicle, the  
4 amount of the fee paid, the amount of tax paid  
5 pursuant to section ~~423.7~~ 423.26, the type of fuel  
6 used, and a description of the vehicle as determined  
7 by the department, and upon the reverse side a form  
8 for notice of transfer of the vehicle. The name and  
9 address of any lessee of the vehicle shall not be  
10 printed on the registration receipt or certificate of  
11 title. Up to three owners may be listed on the  
12 registration receipt and certificate of title.

13 3. The certificate of title shall contain upon its  
14 face the identical information required upon the face  
15 of the registration receipt. In addition, the  
16 certificate of title shall contain a statement of the  
17 owner's title, the title number assigned to the owner  
18 or owners of the vehicle, the amount of tax paid  
19 pursuant to section ~~423.7~~ 423.26, the name and address  
20 of the previous owner, and a statement of all security  
21 interests and encumbrances as shown in the  
22 application, upon the vehicle described, including the  
23 nature of the security interest, date of notation, and  
24 name and address of the secured party.

25 Sec. \_\_\_\_\_. Section 321.34, subsection 7, paragraph  
26 c, Code 2003, is amended to read as follows:

27 c. The fees for a collegiate registration plate  
28 are as follows:

29 (1) A registration fee of twenty-five dollars.

30 (2) A special collegiate registration fee of  
31 twenty-five dollars.

32 These fees are in addition to the regular annual  
33 registration fee. The fees collected by the director  
34 under this subsection shall be paid monthly to the  
35 treasurer of state and credited by the treasurer of  
36 state to the road use tax fund. Notwithstanding  
37 section ~~423.24~~ 423.43 and prior to the revenues being  
38 credited to the road use tax fund under section ~~423.24~~  
39 423.43, subsection 1, paragraph "b", the treasurer of  
40 state shall credit monthly from those revenues  
41 respectively, to Iowa state university of science and  
42 technology, the university of northern Iowa, and the  
43 state university of Iowa, the amount of the special  
44 collegiate registration fees collected in the previous  
45 month for collegiate registration plates designed for  
46 the university. The moneys credited are appropriated  
47 to the respective universities to be used for  
48 scholarships for students attending the universities.

49 Sec. \_\_\_\_\_. Section 321.34, subsection 11, paragraph  
50 c, Code 2003, is amended to read as follows:

**H-1517**

**H-1517**

Page 94

1 c. The special natural resources fee for letter  
2 number designated natural resources plates is thirty-  
3 five dollars. The fee for personalized natural  
4 resources plates is forty-five dollars which shall be  
5 paid in addition to the special natural resources fee  
6 of thirty-five dollars. The fees collected by the  
7 director under this subsection shall be paid monthly  
8 to the treasurer of state and credited to the road use  
9 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
10 prior to the crediting of revenues to the road use tax  
11 fund under section ~~423.24~~ 423.43, subsection 1,  
12 paragraph "b", the treasurer of state shall credit  
13 monthly from those revenues to the Iowa resources  
14 enhancement and protection fund created pursuant to  
15 section 455A.18, the amount of the special natural  
16 resources fees collected in the previous month for the  
17 natural resources plates.

18 Sec. \_\_\_\_\_. Section 321.34, subsection 11A,  
19 paragraph c, Code 2003, is amended to read as follows:

20 c. The special fee for letter number designated  
21 love our kids plates is thirty-five dollars. The fee  
22 for personalized love our kids plates is twenty-five  
23 dollars, which shall be paid in addition to the  
24 special love our kids fee of thirty-five dollars. The  
25 fees collected by the director under this subsection  
26 shall be paid monthly to the treasurer of state and  
27 credited to the road use tax fund. Notwithstanding  
28 section ~~423.24~~ 423.43, and prior to the crediting of  
29 revenues to the road use tax fund under section ~~423.24~~  
30 423.43, subsection 1, paragraph "b", the treasurer of  
31 state shall transfer monthly from those revenues to  
32 the Iowa department of public health the amount of the  
33 special fees collected in the previous month for the  
34 love our kids plates. Notwithstanding section 8.33,  
35 moneys transferred under this subsection shall not  
36 revert to the general fund of the state.

37 Sec. \_\_\_\_\_. Section 321.34, subsection 11B,  
38 paragraph c, Code 2003, is amended to read as follows:

39 c. The special fee for letter number designated  
40 motorcycle rider education plates is thirty-five  
41 dollars. The fee for personalized motorcycle rider  
42 education plates is twenty-five dollars, which shall  
43 be paid in addition to the special motorcycle rider  
44 education fee of thirty-five dollars. The fees  
45 collected by the director under this subsection shall  
46 be paid monthly to the treasurer of state and credited  
47 to the road use tax fund. Notwithstanding section  
48 ~~423.24~~ 423.43, and prior to the crediting of revenues  
49 to the road use tax fund under section ~~423.24~~ 423.43,  
50 subsection 1, paragraph "b", the treasurer of state

**H-1517**

**H-1517**

Page 95

1 shall transfer monthly from those revenues to the  
2 department for use in accordance with section  
3 321.180B, subsection 6, the amount of the special fees  
4 collected in the previous month for the motorcycle  
5 rider education plates.

6 Sec. \_\_\_\_\_. Section 321.34, subsection 13, paragraph  
7 d, Code 2003, is amended to read as follows:

8 d. A state agency may submit a request to the  
9 department recommending a special registration plate.  
10 The alternate fee for letter number designated plates  
11 is thirty-five dollars with a ten dollar annual  
12 special renewal fee. The fee for personalized plates  
13 is twenty-five dollars which is in addition to the  
14 alternative fee of thirty-five dollars with an annual  
15 personalized plate renewal fee of five dollars which  
16 is in addition to the special renewal fee of ten  
17 dollars. The alternate fees are in addition to the  
18 regular annual registration fee. The alternate fees  
19 collected under this paragraph shall be paid monthly  
20 to the treasurer of state and credited to the road use  
21 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
22 prior to the crediting of the revenues to the road use  
23 tax fund under section ~~423.24~~ 423.43, subsection 1,  
24 paragraph "b", the treasurer of state shall credit  
25 monthly the amount of the alternate fees collected in  
26 the previous month to the state agency that  
27 recommended the special registration plate.

28 Sec. \_\_\_\_\_. Section 321.34, subsection 21, paragraph  
29 c, Code 2003, is amended to read as follows:

30 c. The special fees collected by the director  
31 under this subsection shall be paid monthly to the  
32 treasurer of state and credited to the road use tax  
33 fund. Notwithstanding section ~~423.24~~ 423.43, and  
34 prior to the crediting of revenues to the road use tax  
35 fund under section ~~423.24~~ 423.43, subsection 1,  
36 paragraph "b", the treasurer of state shall credit  
37 monthly to the Iowa heritage fund created under  
38 section 303.9A the amount of the special fees  
39 collected in the previous month for the Iowa heritage  
40 plates.

41 Sec. \_\_\_\_\_. Section 321.34, subsection 22, paragraph  
42 b, Code 2003, is amended to read as follows:

43 b. The special school transportation fee for  
44 letter number designated education plates is thirty-  
45 five dollars. The fee for personalized education  
46 plates is twenty-five dollars, which shall be paid in  
47 addition to the special school transportation fee of  
48 thirty-five dollars. The annual special school  
49 transportation fee is ten dollars for letter number  
50 designated registration plates and is fifteen dollars

**H-1517**

**H-1517**

Page 96

1 for personalized registration plates which shall be  
2 paid in addition to the regular annual registration  
3 fee. The fees collected by the director under this  
4 subsection shall be paid monthly to the treasurer of  
5 state and credited to the road use tax fund.  
6 Notwithstanding section ~~423.24~~ 423.43, and prior to  
7 the crediting of revenues to the road use tax fund  
8 under section ~~423.24~~ 423.43, subsection 1, paragraph  
9 "b", the treasurer of state shall transfer monthly  
10 from those revenues to the school budget review  
11 committee in accordance with section 257.31,  
12 subsection 17, the amount of the special school  
13 transportation fees collected in the previous month  
14 for the education plates.

15 Sec. \_\_\_\_\_. Section 321F.9, Code 2003, is amended to  
16 read as follows:

17 321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

18 Any person engaged in business in this state shall  
19 not enter into any agreement for the use of a motor  
20 vehicle under the terms of which ~~such~~ that person  
21 grants to another an option to purchase ~~such~~ the motor  
22 vehicle without first having obtained a motor vehicle  
23 dealer's license under the provisions of chapter 322,  
24 and all sales of motor vehicles under such options  
25 shall be subject to sales or use taxes imposed under  
26 the provisions of ~~chapters 422 and~~ chapter 423.  
27 Nothing contained in this section shall require such  
28 person to have a place of business as provided by  
29 section 322.6, subsection 8.

30 Sec. \_\_\_\_\_. Section 327I.26, Code 2003, is amended  
31 to read as follows:

32 327I.26 APPROPRIATION TO AUTHORITY.

33 Notwithstanding section ~~423.24~~ 423.43, and prior to  
34 the application of section ~~423.24~~ 423.43, subsection  
35 1, paragraph "b", there shall be deposited into the  
36 general fund of the state and is appropriated to the  
37 authority from eighty percent of the revenues derived  
38 from the operation of section ~~423.7~~ 423.26, the  
39 amounts certified by the authority under section  
40 327I.25. However, the total amount deposited into the  
41 general fund and appropriated to the Iowa railway  
42 finance authority under this section shall not exceed  
43 two million dollars annually. Moneys appropriated to  
44 the Iowa railway finance authority under this section  
45 are appropriated only for the payment of principal and  
46 interest on obligations or the payment of leases  
47 guaranteed by the authority as provided under section  
48 327I.25.

49 Sec. \_\_\_\_\_. Section 328.26, unnumbered paragraph 2,  
50 Code 2003, is amended to read as follows:

**H-1517**

H-1517

Page 97

1 When an aircraft is registered to a person for the  
2 first time the fee submitted to the department shall  
3 include the tax imposed by section ~~422.43~~ 423.2 or  
4 section ~~423.2~~ 423.5 or evidence of the exemption of  
5 the aircraft from the tax imposed under section ~~422.43~~  
6 423.2 or ~~423.2~~ 423.5.

7 Sec. \_\_\_\_\_. Section 331.557, subsection 3, Code  
8 2003, is amended to read as follows:

9 3. Collect the use tax on vehicles subject to  
10 registration as provided in sections ~~423.6, 423.7, and~~  
11 ~~423.7A~~ 423.14, 423.26, and 423.27.

12 Sec. \_\_\_\_\_. Section 357A.15, unnumbered paragraph 2,  
13 Code 2003, is amended to read as follows:

14 A rural water district organized under chapter 504A  
15 shall receive a refund of sales or use taxes upon  
16 submitting an application to the department of revenue  
17 and finance for ~~such~~ the refund of taxes imposed upon  
18 the ~~gross receipts~~ sales price of all sales of  
19 building materials, supplies, or equipment sold to a  
20 contractor or used in the fulfillment of a written  
21 contract for the construction of facilities for ~~such~~  
22 the rural water district to the same extent as a rural  
23 water district organized under this chapter may obtain  
24 a refund under section ~~422.45~~ 423.4, subsection 7 1.

25 Sec. \_\_\_\_\_. Section 421.10, Code 2003, is amended to  
26 read as follows:

27 421.10 APPEAL PERIOD -- APPLICABILITY.

28 The appeal period for revision of assessment of  
29 tax, interest, and penalties set out under section  
30 ~~422.28, 422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
31 453A.29, or 453A.46 applies to appeals to notices from  
32 the department denying changes in filing methods,  
33 denying refund claims, and denying portions of refund  
34 claims for the tax covered by that section, and  
35 notices of any department action directed to a  
36 specific taxpayer, other than licensing, which  
37 involves a calculation.

38 Sec. \_\_\_\_\_. Section 421.17, subsection 22B, Code  
39 2003, is amended to read as follows:

40 22B. ~~Enter~~ To enter into agreements or compacts  
41 with remote sellers, retailers, or third-party  
42 providers for the voluntary collection of Iowa sales  
43 or use taxes attributable to sales into Iowa ~~and to~~  
44 ~~enter~~. The director has the authority to enter into  
45 and perform all duties required of the office of  
46 director by multistate agreements or compacts that  
47 provide for the voluntary collection of sales and use  
48 taxes, including joint audits with other states or  
49 audits on behalf of other states. The agreements or  
50 compacts shall generally conform to the provisions of

H-1517

**H-1517**

Page 98

1 Iowa sales and use tax statutes. All fees for  
2 services, reimbursements, remuneration, incentives,  
3 and costs incurred by the department associated with  
4 these agreements or compacts may be paid or reimbursed  
5 from the additional revenue generated. An amount is  
6 appropriated from amounts generated to pay or  
7 reimburse all costs associated with this subsection.  
8 Persons entering into an agreement or compact with the  
9 department pursuant to this subsection are subject to  
10 the requirements and penalties of the confidentiality  
11 laws of this state regarding tax information.  
12 Notwithstanding any other provisions of law, the  
13 contract, agreement, or compact shall provide for the  
14 registration, collection, report, and verification of  
15 amounts subject to this subsection.

16 Sec. \_\_\_\_\_. Section 421.17, subsection 29, paragraph  
17 j, Code 2003, is amended to read as follows:

18 j. The department's existing right to credit  
19 against tax due or to become due under section 422.73  
20 or 423.47 is not to be impaired by a right granted to  
21 or a duty imposed upon the department or other state  
22 agency by this subsection. This subsection is not  
23 intended to impose upon the department any additional  
24 requirement of notice, hearing, or appeal concerning  
25 the right to credit against tax due under section  
26 422.73 or 423.47.

27 Sec. \_\_\_\_\_. Section 421.17, subsection 34, paragraph  
28 i, Code 2003, is amended to read as follows:

29 i. The director may distribute to credit reporting  
30 entities and for publication the names, addresses, and  
31 amounts of indebtedness owed to or being collected by  
32 the state if the indebtedness is subject to the  
33 centralized debt collection procedure established in  
34 this subsection. The director shall adopt rules to  
35 administer this paragraph, and the rules shall provide  
36 guidelines by which the director shall determine which  
37 names, addresses, and amounts of indebtedness may be  
38 distributed for publication. The director may  
39 distribute information for publication pursuant to  
40 this paragraph, notwithstanding sections 422.20,  
41 422.72, and ~~423.23~~ 423.42, or any other provision of  
42 state law to the contrary pertaining to  
43 confidentiality of information.

44 Sec. \_\_\_\_\_. Section 421.26, Code 2003, is amended to  
45 read as follows:

46 421.26 PERSONAL LIABILITY FOR TAX DUE.

47 If a licensee or other person under section  
48 452A.65, a retailer or purchaser under chapter 422A or  
49 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
50 retailer or purchaser under section ~~423.13~~ 423.32 or a

**H-1517**

**H-1517**

Page 99

1 user under section ~~423.14~~ 423.34 fails to pay a tax  
2 under those sections when due, an officer of a  
3 corporation or association, notwithstanding sections  
4 490A.601 and 490A.602, a member or manager of a  
5 limited liability company, or a partner of a  
6 partnership, having control or supervision of or the  
7 authority for remitting the tax payments and having a  
8 substantial legal or equitable interest in the  
9 ownership of the corporation, association, limited  
10 liability company, or partnership, who has  
11 intentionally failed to pay the tax is personally  
12 liable for the payment of the tax, interest, and  
13 penalty due and unpaid. However, this section shall  
14 not apply to taxes on accounts receivable. The  
15 dissolution of a corporation, association, limited  
16 liability company, or partnership shall not discharge  
17 a person's liability for failure to remit the tax due.  
18 Sec. \_\_\_\_\_. Section 421.28, Code 2003, is amended to  
19 read as follows:

20 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

21 The immediate successor to a licensee's or  
22 retailer's business or stock of goods under chapter  
23 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
24 423.33 or 452A.65, is not personally liable for the  
25 amount of delinquent tax, interest, or penalty due and  
26 unpaid if the immediate successor shows that the  
27 purchase of the business or stock of goods was made in  
28 good faith that no delinquent tax, interest, or  
29 penalty was due and unpaid. For purposes of this  
30 section the immediate successor shows good faith by  
31 evidence that the department had provided the  
32 immediate successor with a certified statement that no  
33 delinquent tax, interest, or penalty is unpaid, or  
34 that the immediate successor had taken in good faith a  
35 certified statement from the licensee, retailer, or  
36 seller that no delinquent tax, interest, or penalty is  
37 unpaid. When requested to do so by a person with whom  
38 the licensee or retailer is negotiating the sale of  
39 the business or stock of goods, the director of  
40 revenue and finance shall, upon being satisfied that  
41 such a situation exists, inform that person as to the  
42 amount of unpaid delinquent tax, interest, or penalty  
43 due by the licensee or the retailer. The giving of  
44 the information under this circumstance is not a  
45 violation of section 422.20, 422.72, or 452A.63.

46 Sec. \_\_\_\_\_. Section 421B.11, unnumbered paragraph 3,  
47 Code 2003, is amended to read as follows:

48 Judicial review of the actions of the director may  
49 be sought in accordance with the terms of the Iowa  
50 administrative procedure Act, and section ~~422.55~~

**H-1517**

-99-



**H-1517**

Page 100

1 423.38.

2 Sec. \_\_\_\_\_. Section 422.7, subsection 21, paragraph  
3 a, subparagraph (1), unnumbered paragraph 1, Code  
4 2003, is amended to read as follows:

5 Net capital gain from the sale of real property  
6 used in a business, in which the taxpayer materially  
7 participated for ten years, as defined in section  
8 469(h) of the Internal Revenue Code, and which has  
9 been held for a minimum of ten years, or from the sale  
10 of a business, as defined in section ~~422.42~~ 423.1, in  
11 which the taxpayer was employed or in which the  
12 taxpayer materially participated for ten years, as  
13 defined in section 469(h) of the Internal Revenue  
14 Code, and which has been held for a minimum of ten  
15 years. The sale of a business means the sale of all  
16 or substantially all of the tangible personal property  
17 or service of the business.

18 Sec. \_\_\_\_\_. Section 422.73, subsection 1, Code 2003,  
19 is amended by striking the subsection.

20 Sec. \_\_\_\_\_. Section 422A.1, unnumbered paragraphs 1,  
21 3, 7, and 8, Code 2003, are amended to read as  
22 follows:

23 A city or county may impose by ordinance of the  
24 city council or by resolution of the board of  
25 supervisors a hotel and motel tax, at a rate not to  
26 exceed seven percent, which shall be imposed in  
27 increments of one or more full percentage points upon  
28 the ~~gross receipts~~ sales price from the renting of  
29 sleeping rooms, apartments, or sleeping quarters in a  
30 hotel, motel, inn, public lodging house, rooming  
31 house, manufactured or mobile home which is tangible  
32 personal property, or tourist court, or in any place  
33 where sleeping accommodations are furnished to  
34 transient guests for rent, whether with or without  
35 meals; except the ~~gross receipts~~ sales price from the  
36 renting of sleeping rooms in dormitories and in  
37 memorial unions at all universities and colleges  
38 located in the state of Iowa and the guests of a  
39 religious institution if the property is exempt under  
40 section 427.1, subsection 8, and the purpose of  
41 renting is to provide a place for a religious retreat  
42 or function and not a place for transient guests  
43 generally. The tax when imposed by a city shall apply  
44 only within the corporate boundaries of that city and  
45 when imposed by a county shall apply only outside  
46 incorporated areas within that county. "Renting" and  
47 "rent" include any kind of direct or indirect charge  
48 for such sleeping rooms, apartments, or sleeping  
49 quarters, or their use. However, the tax does not  
50 apply to the ~~gross receipts~~ sales price from the

**H-1517**

H-1517

Page 101

1 renting of a sleeping room, apartment, or sleeping  
2 quarters while rented by the same person for a period  
3 of more than thirty-one consecutive days.

4 A local hotel and motel tax shall be imposed on  
5 January 1, April 1, July 1, or October 1, following  
6 the notification of the director of revenue and  
7 finance. Once imposed, the tax shall remain in effect  
8 at the rate imposed for a minimum of one year. A  
9 local hotel and motel tax shall terminate only on  
10 March 31, June 30, September 30, or December 31. At  
11 least ~~forty-five~~ sixty days prior to the tax being  
12 effective or prior to a revision in the tax rate, or  
13 prior to the repeal of the tax, a city or county shall  
14 provide notice by mail of such action to the director  
15 of revenue and finance.

16 No tax permit other than the state sales tax permit  
17 required under section ~~422.53~~ 423.36 may be required  
18 by local authorities.

19 The tax levied shall be in addition to any state  
20 sales tax imposed under section ~~422.43~~ 423.2. Section  
21 ~~422.25, subsection 4, sections 422.30, 422.48 to~~  
22 ~~422.52, 422.54 to 422.58, 422.67, and 422.68, section~~  
23 ~~422.69, subsection 1, and sections 422.70 to 422.75,~~  
24 section 423.14, subsection 1, and sections 423.23,  
25 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
26 423.42, and 423.47, consistent with the provisions of  
27 this chapter, apply with respect to the taxes  
28 authorized under this chapter, in the same manner and  
29 with the same effect as if the hotel and motel taxes  
30 were retail sales taxes within the meaning of those  
31 statutes. Notwithstanding this paragraph, the  
32 director shall provide for quarterly filing of returns  
33 ~~as prescribed in section 422.51~~ and for other than  
34 quarterly filing of returns both as prescribed in  
35 section ~~422.51, subsection 2~~ 423.31. The director may  
36 require all persons, as defined in section ~~422.42~~  
37 423.1, who are engaged in the business of deriving  
38 ~~gross receipts~~ any sales price subject to tax under  
39 this chapter, to register with the department.

40 Sec. \_\_\_\_ . Section 422B.8, Code 2003, is amended to  
41 read as follows:

42 422B.8 LOCAL SALES AND SERVICES TAX.

43 A local sales and services tax at the rate of not  
44 more than one percent may be imposed by a county on  
45 the ~~gross receipts~~ sales price taxed by the state  
46 under chapter ~~422~~ 423, ~~division IV~~ subchapter II. A  
47 local sales and services tax shall be imposed on the  
48 same basis as the state sales and services tax or in  
49 the case of the use of natural gas, natural gas  
50 service, electricity, or electric service on the same

H-1517

-101-

**H-1517**

Page 102

1 basis as the state use tax and shall not be imposed on  
2 the sale of any property or on any service not taxed  
3 by the state, except the tax shall not be imposed on  
4 the ~~gross receipts~~ sales price from the sale of motor  
5 fuel or special fuel as defined in chapter 452A which  
6 is consumed for highway use or in watercraft or  
7 aircraft if the fuel tax is paid on the transaction  
8 and a refund has not or will not be allowed, on the  
9 ~~gross receipts~~ sales price from the rental of rooms,  
10 apartments, or sleeping quarters which are taxed under  
11 chapter 422A during the period the hotel and motel tax  
12 is imposed, on the ~~gross receipts~~ sales price from the  
13 sale of equipment by the state department of  
14 transportation, on the ~~gross receipts~~ sales price from  
15 the sale of self-propelled building equipment, pile  
16 drivers, motorized scaffolding, or attachments  
17 customarily drawn or attached to self-propelled  
18 building equipment, pile drivers, and motorized  
19 scaffolding, including auxiliary attachments which  
20 improve the performance, safety, operation, or  
21 efficiency of the equipment and replacement parts and  
22 are directly and primarily used by contractors,  
23 subcontractors, and builders for new construction,  
24 reconstruction, alterations, expansion, or remodeling  
25 of real property or structures, and on the ~~gross~~  
26 ~~receipts~~ sales price from the sale of a lottery ticket  
27 or share in a lottery game conducted pursuant to  
28 chapter 99E and except the tax shall not be imposed on  
29 the ~~gross receipts~~ sales price from the sale or use of  
30 natural gas, natural gas service, electricity, or  
31 electric service in a city or county where the ~~gross~~  
32 ~~receipts~~ sales price from the sale of natural gas or  
33 electric energy are subject to a franchise fee or user  
34 fee during the period the franchise or user fee is  
35 imposed. A local sales and services tax is applicable  
36 to transactions within those incorporated and  
37 unincorporated areas of the county where it is imposed  
38 and shall be collected by all persons required to  
39 collect state ~~gross receipts~~ sales taxes. However, a  
40 person required to collect state retail sales tax  
41 under chapter 422 423, ~~division IV~~ subchapter V or VI,  
42 is not required to collect local sales and services  
43 tax on transactions delivered within the area where  
44 the local sales and services tax is imposed unless the  
45 person has physical presence in that taxing area. All  
46 cities contiguous to each other shall be treated as  
47 part of one incorporated area and the tax would be  
48 imposed in each of those contiguous cities only if the  
49 majority of those voting in the total area covered by  
50 the contiguous cities favor its imposition.

**H-1517**

-102-

**H-1517**

Page 103

1 The amount of the sale, for purposes of determining  
2 the amount of the local sales and services tax, does  
3 not include the amount of any state ~~gross receipts~~  
4 ~~taxes~~ sales tax.

5 A tax permit other than the state sales tax permit  
6 required under section ~~422.53 or 423.10~~ 423.36 shall  
7 not be required by local authorities.

8 If a local sales and services tax is imposed by a  
9 county pursuant to this chapter, a local excise tax at  
10 the same rate shall be imposed by the county on the  
11 purchase price of natural gas, natural gas service,  
12 electricity, or electric service subject to tax under  
13 chapter 423, subchapter III, and not exempted from tax  
14 by any provision of chapter 423, subchapter III. The  
15 local excise tax is applicable only to the use of  
16 natural gas, natural gas service, electricity, or  
17 electric service within those incorporated and  
18 unincorporated areas of the county where it is imposed  
19 and, except as otherwise provided in this chapter,  
20 shall be collected and administered in the same manner  
21 as the local sales and services tax. For purposes of  
22 this chapter, "local sales and services tax" shall  
23 also include the local excise tax.

24 Sec. \_\_\_\_\_. Section 422B.9, subsections 1 and 2,  
25 Code 2003, are amended to read as follows:

26 1. a. A local sales and services tax shall be  
27 imposed either January 1 or July 1 following the  
28 notification of the director of revenue and finance  
29 but not sooner than ninety days following the  
30 favorable election and not sooner than sixty days  
31 following notice to sellers, as defined in section  
32 423.1. However, a jurisdiction which has voted to  
33 continue imposition of the tax may impose that tax  
34 without repeal of the prior tax.

35 b. A local sales and services tax shall be  
36 repealed only on June 30 or December 31 but not sooner  
37 than ninety days following the favorable election if  
38 one is held. However, a local sales and services tax  
39 shall not be repealed before the tax has been in  
40 effect for one year. At least forty days before the  
41 imposition or repeal of the tax, a county shall  
42 provide notice of the action by certified mail to the  
43 director of revenue and finance.

44 c. The imposition of or a rate change for a local  
45 sales and service tax shall not be applied to  
46 purchases from a printed catalog wherein a purchaser  
47 computes the local tax based on rates published in the  
48 catalog unless a minimum of one hundred twenty days'  
49 notice of the imposition or rate change has been given  
50 to the seller from the catalog and the first day of a

**H-1517**

-103-

H-1517

Page 104

1 calendar quarter has occurred on or after the one  
2 hundred twentieth day.

3 ~~e.~~ d. If a local sales and services tax has been  
4 imposed prior to April 1, 2000, and at the time of the  
5 election a date for repeal was specified on the  
6 ballot, the local sales and services tax may be  
7 repealed on that date, notwithstanding paragraph "b".

8 2. a. The director of revenue and finance shall  
9 administer a local sales and services tax as nearly as  
10 possible in conjunction with the administration of  
11 state ~~gross receipts~~ sales tax laws. The director  
12 shall provide appropriate forms or provide on the  
13 regular state tax forms for reporting local sales and  
14 services tax liability.

15 b. The ordinance of a county board of supervisors  
16 imposing a local sales and services tax shall adopt by  
17 reference the applicable provisions of the appropriate  
18 sections of ~~chapter 422, division IV, and chapter 423.~~  
19 All powers and requirements of the director to  
20 administer the state ~~gross receipts~~ sales tax law and  
21 use tax law are applicable to the administration of a  
22 local sales and services tax law and the local excise  
23 tax, including but not limited to, the provisions of  
24 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
25 ~~to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~  
26 section 422.69, subsection 1, sections 422.70 to  
27 422.75, 423.6, subsections 2 to 4, and sections 423.11  
28 to 423.18, and 423.21 section 423.14, subsection 1 and  
29 subsection 2, paragraphs "b" through "e", and sections  
30 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,  
31 423.37 to 423.42, 423.46, and 423.47. Local officials  
32 shall confer with the director of revenue and finance  
33 for assistance in drafting the ordinance imposing a  
34 local sales and services tax. A certified copy of the  
35 ordinance shall be filed with the director as soon as  
36 possible after passage.

37 c. Frequency of deposits and quarterly reports of  
38 a local sales and services tax with the department of  
39 revenue and finance are governed by the tax provisions  
40 in section ~~422.52~~ 423.31. Local tax collections shall  
41 not be included in computation of the total tax to  
42 determine frequency of filing under section ~~422.52~~  
43 423.31.

44 d. The director shall apply a boundary change of a  
45 county or city imposing or collecting the local sales  
46 and service tax to the imposition or collection of  
47 that tax only on the first day of a calendar quarter  
48 which occurs sixty days or more after the director has  
49 given notice of the boundary change to sellers.

50 Sec. \_\_\_\_ . Section 422C.2, subsections 4 and 6,

H-1517

-104-

H-1517

Page 105

1 Code 2003, are amended to read as follows:

2 4. "Person" means person as defined in section  
3 ~~422.42~~ 423.1.

4 6. "Rental price" means the consideration for  
5 renting an automobile valued in money, and means the  
6 same as ~~"gross taxable services"~~ "sales price" as  
7 defined in section ~~422.42~~ 423.1.

8 Sec. \_\_\_\_\_. Section 422C.3, Code 2003, is amended to  
9 read as follows:

10 422C.3 TAX ON RENTAL OF AUTOMOBILES.

11 1. A tax of five percent is imposed upon the  
12 rental price of an automobile if the rental  
13 transaction is subject to the sales and services tax  
14 under chapter ~~422 423~~, ~~division IV~~ subchapter II, or  
15 the use tax under chapter 423, subchapter III. The  
16 tax shall not be imposed on any rental transaction not  
17 taxable under the state sales and services tax, as  
18 provided in section ~~422.45~~ 423.3, or the state use  
19 tax, as provided in section ~~423.4~~ 423.6, on automobile  
20 rental receipts.

21 2. The lessor shall collect the tax by adding the  
22 tax to the rental price of the automobile.

23 3. The tax, when collected, shall be stated as a  
24 distinct item separate and apart from the rental price  
25 of the automobile and the sales and services tax  
26 imposed under chapter ~~422 423~~, ~~division IV~~ subchapter  
27 II, or the use tax imposed under chapter 423,  
28 subchapter III.

29 Sec. \_\_\_\_\_. Section 422C.4, Code 2003, is amended to  
30 read as follows:

31 422C.4 ADMINISTRATION AND ENFORCEMENT.

32 All powers and requirements of the director of  
33 revenue and finance to administer the state ~~gross~~  
34 ~~receipts~~ sales tax law under chapter ~~422~~, ~~division IV~~,  
35 423 are applicable to the administration of the tax  
36 imposed under section 422C.3, including but not  
37 limited to section 422.25, subsection 4, sections  
38 ~~422.30~~, ~~422.48~~ through ~~422.52~~, ~~422.54~~ through ~~422.58~~,  
39 ~~422.67~~, and ~~422.68~~, section 422.69, subsection 1, and  
40 sections 422.70 through 422.75, section 423.14,  
41 subsection 1, and sections 423.15, 423.23, 423.24,  
42 423.25, 423.31, 423.33, 423.35 and 423.37 through  
43 423.42, 423.45, 423.46, and 423.47. However, as an  
44 exception to the powers specified in section ~~422.52~~,  
45 ~~subsection 1~~ 423.31, the director shall only require  
46 the filing of quarterly reports.

47 Sec. \_\_\_\_\_. Section 422E.1, subsection 1, is amended  
48 to read as follows:

49 1. A local sales and services tax for school  
50 infrastructure purposes may be imposed by a county on

H-1517

-105-

H-1517

Page 106

1 behalf of school districts as provided in this  
2 chapter.

3 If a local sales and services tax for school  
4 infrastructure is imposed by a county pursuant to this  
5 chapter, a local excise tax for school infrastructure  
6 at the same rate shall be imposed by the county on the  
7 purchase price of natural gas, natural gas service,  
8 electricity, or electric service subject to tax under  
9 chapter 423, subchapter III, and not exempted from tax  
10 by any provision of chapter 423, subchapter III. The  
11 local excise tax for school infrastructure is  
12 applicable only to the use of natural gas, natural gas  
13 service, electricity, or electric service within those  
14 incorporated and unincorporated areas of the county  
15 where it is imposed and, except as otherwise provided  
16 in this chapter, shall be collected and administered  
17 in the same manner as the local sales and services tax  
18 for school infrastructure. For purposes of this  
19 chapter, "local sales and services tax for school  
20 infrastructure" shall also include the local excise  
21 tax for school infrastructure.

22 Sec. \_\_\_\_ . Section 422E.3, subsections 1, 2, and 3,  
23 Code 2003, are amended to read as follows:

24 1. If a majority of those voting on the question  
25 of imposition of a local sales and services tax for  
26 school infrastructure purposes favors imposition of  
27 the tax, the tax shall be imposed by the county board  
28 of supervisors within the county pursuant to section  
29 422E.2, at the rate specified for a ten-year duration  
30 on the ~~gross receipts~~ sales price taxed by the state  
31 under chapter ~~422~~ 423, ~~division IV~~ subchapter II.

32 2. The tax shall be imposed on the same basis as  
33 the state sales and services tax or in the case of the  
34 use of natural gas, natural gas service, electricity,  
35 or electric service on the same basis as the state use  
36 tax and shall not be imposed on the sale of any  
37 property or on any service not taxed by the state,  
38 except the tax shall not be imposed on the ~~gross~~  
39 ~~receipts~~ sales price from the sale of motor fuel or  
40 special fuel as defined in chapter 452A which is  
41 consumed for highway use or in watercraft or aircraft  
42 if the fuel tax is paid on the transaction and a  
43 refund has not or will not be allowed, on the ~~gross~~  
44 ~~receipts~~ sales price from the rental of rooms,  
45 apartments, or sleeping quarters which are taxed under  
46 chapter 422A during the period the hotel and motel tax  
47 is imposed, on the ~~gross receipts~~ sales price from the  
48 sale of equipment by the state department of  
49 transportation, on the ~~gross receipts~~ sales price from  
50 the sale of self-propelled building equipment, pile

H-1517

H-1517

Page 107

1 drivers, motorized scaffolding, or attachments  
2 customarily drawn or attached to self-propelled  
3 building equipment, pile drivers, and motorized  
4 scaffolding, including auxiliary attachments which  
5 improve the performance, safety, operation, or  
6 efficiency of the equipment, and replacement parts and  
7 are directly and primarily used by contractors,  
8 subcontractors, and builders for new construction,  
9 reconstruction, alterations, expansion, or remodeling  
10 of real property or structures, and on the ~~gross~~  
11 ~~receipts~~ sales price from the sale of a lottery ticket  
12 or share in a lottery game conducted pursuant to  
13 chapter 99E and except the tax shall not be imposed on  
14 the ~~gross receipts~~ sales price from the sale or use of  
15 natural gas, natural gas service, electricity, or  
16 electric service in a city or county where the ~~gross~~  
17 ~~receipts~~ sales price from the sale of natural gas or  
18 electric energy are subject to a franchise fee or user  
19 fee during the period the franchise or user fee is  
20 imposed.

21 3. The tax is applicable to transactions within  
22 the county where it is imposed and shall be collected  
23 by all persons required to collect state ~~gross~~  
24 ~~receipts~~ sales or local excise taxes. However, a  
25 person required to collect state ~~retail~~ sales tax  
26 under chapter ~~422, division IV,~~ 423 is not required to  
27 collect local sales and services tax on transactions  
28 delivered within the area where the local sales and  
29 services tax is imposed unless the person has physical  
30 presence in that taxing area. The amount of the sale,  
31 for purposes of determining the amount of the tax,  
32 does not include the amount of any state ~~gross~~  
33 ~~receipts~~ sales taxes or excise taxes or other local  
34 option sales or excise taxes. A tax permit other than  
35 the state tax permit required under section ~~422.53 or~~  
36 ~~423.10~~ 423.36 shall not be required by local  
37 authorities.

38 Sec. \_\_\_\_\_. Section 425.30, Code 2003, is amended to  
39 read as follows:

40 425.30 NOTICES.

41 Section ~~422.57~~ 423.39, subsection 1, shall apply to  
42 all notices under this division.

43 Sec. \_\_\_\_\_. Section 425.31, Code 2003, is amended to  
44 read as follows:

45 425.31 APPEALS.

46 Any person aggrieved by an act or decision of the  
47 director of revenue and finance or the department of  
48 revenue and finance under this division shall have the  
49 same rights of appeal and review as provided in  
50 sections 421.1 and ~~422.55~~ 423.38 and the rules of the

H-1517



**H-1517**

Page 108

1 department of revenue and finance.

2 Sec. \_\_\_\_\_. Section 452A.66, unnumbered paragraph 1,  
3 Code 2003, is amended to read as follows:

4 The appropriate state agency shall administer the  
5 taxes imposed by this chapter in the same manner as  
6 and subject to section 422.25, subsection 4 and  
7 section ~~422.52, subsection 3~~ 423.35.

8 Sec. \_\_\_\_\_. Section 455B.455, Code 2003, is amended  
9 to read as follows:

10 455B.455 SURCHARGE IMPOSED.

11 A land burial surcharge tax of two percent is  
12 imposed on the fee for land burial of a hazardous  
13 waste. The owner of the land burial facility shall  
14 remit the tax collected to the director of revenue and  
15 finance after consultation with the director according  
16 to rules that the director shall adopt. The director  
17 shall forward a copy of the site license to the  
18 director of revenue and finance which shall be the  
19 appropriate license for the collection of the land  
20 burial surcharge tax and shall be subject to  
21 suspension or revocation if the site license holder  
22 fails to collect or remit the tax collected under this  
23 section. The provisions of ~~sections~~ section 422.25,  
24 subsection 4, sections 422.30, 422.48 to 422.52,  
25 ~~422.54 to 422.58,~~ 422.67, and 422.68, section 422.69,  
26 subsection 1, and sections 422.70 to 422.75, section  
27 423.14, subsection 1, and sections 423.23, 423.24,  
28 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and  
29 423.47, consistent with the provisions of this part 6  
30 of division IV, shall apply with respect to the taxes  
31 authorized under this part, in the same manner and  
32 with the same effect as if the land burial surcharge  
33 tax were ~~retail~~ sales taxes within the meaning of  
34 those statutes. Notwithstanding the provisions of  
35 this ~~paragraph~~ section, the director shall provide for  
36 only quarterly filing of returns as prescribed in  
37 section ~~422.51~~ 423.31. Taxes collected by the  
38 director of revenue and finance under this section  
39 shall be deposited in the general fund of the state.

40 Sec. \_\_\_\_\_. Section 455G.3, subsection 1, Code 2003,  
41 is amended to read as follows:

42 1. The Iowa comprehensive petroleum underground  
43 storage tank fund is created as a separate fund in the  
44 state treasury, and any funds remaining in the fund at  
45 the end of each fiscal year shall not revert to the  
46 general fund but shall remain in the Iowa  
47 comprehensive petroleum underground storage tank fund.  
48 Interest or other income earned by the fund shall be  
49 deposited in the fund. The fund shall include moneys  
50 credited to the fund under this section, section

**H-1517**

**H-1517**

Page 109

1 ~~423.24~~ 423.43, subsection 1, paragraph "a", and  
2 sections 455G.8, 455G.9, and 455G.11, and other funds  
3 which by law may be credited to the fund. The moneys  
4 in the fund are appropriated to and for the purposes  
5 of the board as provided in this chapter. Amounts in  
6 the fund shall not be subject to appropriation for any  
7 other purpose by the general assembly, but shall be  
8 used only for the purposes set forth in this chapter.  
9 The treasurer of state shall act as custodian of the  
10 fund and disburse amounts contained in it as directed  
11 by the board including automatic disbursements of  
12 funds as received pursuant to the terms of bond  
13 indentures and documents and security provisions to  
14 trustees and custodians. The treasurer of state is  
15 authorized to invest the funds deposited in the fund  
16 at the direction of the board and subject to any  
17 limitations contained in any applicable bond  
18 proceedings. The income from such investment shall be  
19 credited to and deposited in the fund. The fund shall  
20 be administered by the board which shall make  
21 expenditures from the fund consistent with the  
22 purposes of the programs set out in this chapter  
23 without further appropriation. The fund may be  
24 divided into different accounts with different  
25 depositories as determined by the board and to fulfill  
26 the purposes of this chapter.

27 Sec. \_\_\_\_\_. Section 455G.6, subsection 4, Code 2003,  
28 is amended to read as follows:

29 4. Grant a mortgage, lien, pledge, assignment, or  
30 other encumbrance on one or more improvements,  
31 revenues, asset of right, accounts, or funds  
32 established or received in connection with the fund,  
33 including revenues derived from the use tax under  
34 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
35 and deposited in the fund or an account of the fund.

36 Sec. \_\_\_\_\_. Section 455G.8, subsection 2, Code 2003,  
37 is amended to read as follows:

38 2. USE TAX. The revenues derived from the use tax  
39 imposed under chapter 423, subchapter III. The  
40 proceeds of the use tax under section ~~423.24~~ 423.43,  
41 subsection 1, paragraph "a", shall be allocated,  
42 consistent with this chapter, among the fund's  
43 accounts, for debt service and other fund expenses,  
44 according to the fund budget, resolution, trust  
45 agreement, or other instrument prepared or entered  
46 into by the board or authority under direction of the  
47 board.

48 Sec. \_\_\_\_\_. Section 455G.9, subsection 2, Code 2003,  
49 is amended to read as follows:

50 2. REMEDIAL ACCOUNT FUNDING. The remedial account

**H-1517**

**H-1517**

Page 110

1 shall be funded by that portion of the proceeds of the  
2 use tax imposed under chapter 423, subchapter III, and  
3 other moneys and revenues budgeted to the remedial  
4 account by the board.

5 Sec. \_\_\_\_\_. Section 2.67, Code 2003, is repealed.

6 Sec. \_\_\_\_\_. CODE EDITOR DIRECTIVE. The Code editor  
7 is directed to transfer Code chapter 423A to Code  
8 chapter 421A and to transfer Code chapters 422A, 422B,  
9 422C, and 422E to Code chapters 423A, 423B, 423C, and  
10 423E, respectively. The Code editor is directed to  
11 correct Code references as required due to the changes  
12 made in this Act.

13 SALES TAX ADVISORY COUNCIL

14 Sec. \_\_\_\_\_. IOWA STREAMLINED SALES TAX ADVISORY  
15 COUNCIL.

16 1. An Iowa streamlined sales tax advisory council  
17 is created. The advisory council shall review, study,  
18 and submit recommendations to the Iowa streamlined  
19 sales and use tax delegation regarding the proposed  
20 streamlined sales and use tax agreement formalized by  
21 the project's implementing sales on November 12, 2002,  
22 the proposed language conforming Iowa's sales and use  
23 tax to the national agreement, and the following  
24 issues:

25 a. Uniform definitions proposed in the current  
26 streamlined sales and use tax agreement and future  
27 proposals.

28 b. Effects upon taxability of items newly defined  
29 in Iowa.

30 c. Impacts upon business as a result of the  
31 streamlined sales and use tax.

32 d. Technology implementation issues.

33 e. Any other issues that are brought before the  
34 streamlined sales and use tax implementing state or  
35 the streamlined sales and use tax governing board.

36 2. The department shall provide administrative  
37 support to the Iowa streamlined sales tax advisory  
38 council. The advisory council shall be representative  
39 of Iowa's business community and economy when  
40 reviewing and recommending solutions to streamlined  
41 sales and use tax issues. The advisory council shall  
42 provide the general assembly and the governor with  
43 final recommendations made to the Iowa streamlined  
44 sales and use tax delegation upon the conclusion of  
45 each calendar year.

46 3. The director of revenue, in consultation with  
47 the Iowa taxpayers association and the Iowa  
48 association of business and industry, shall appoint  
49 members to the Iowa streamlined sales tax advisory  
50 council, which shall consist of the following members:

**H-1517**

**H-1517**

Page 111

- 1 a. One member from the department of revenue and  
2 finance.
- 3 b. Three members representing small Iowa  
4 businesses, at least one of whom must be a retailer,  
5 and at least one of whom shall be a supplier.
- 6 c. Three members representing medium Iowa  
7 businesses, at least one of whom shall be a retailer,  
8 and at least one of whom shall be a supplier.
- 9 d. Three members representing large Iowa  
10 businesses, at least one of whom shall be a retailer,  
11 and at least one of whom shall be a supplier.
- 12 e. One member representing taxpayers as a whole.
- 13 f. One member representing the retail community as  
14 a whole.
- 15 g. Any other member the director of revenue and  
16 finance deems appropriate.
- 17 Sec. \_\_\_\_ . EFFECTIVE DATE. Except for the section  
18 creating the Iowa streamlined sales tax advisory  
19 council, this division of this Act takes effect July  
20 1, 2004."
- 21 2. Title page, line 11, by inserting after the  
22 word "council," the following: "providing for a  
23 streamlined sales and use tax law,".

**By** JENKINS of Black Hawk**H-1517** FILED APRIL 29, 2003*Adopted 4/30/03 as amended*

H-1518

1 Amend House File 683 as follows:

2 1. Page 1, line 21, by striking the word "five",  
3 and inserting the following: "six".

4 2. Page 1, by striking line 30 and inserting the  
5 following:

6 "2. The director and a representative of the Iowa  
7 capital investment board, created in section 15E.63,  
8 shall serve as ex officio members of the".

9 3. Page 4, by inserting after line 8 the  
10 following:

11 "10. A voting member of the board shall abstain  
12 from voting on the provision of financial assistance  
13 to a project which is located in the county in which  
14 the voting member of the board resides."

15 4. Page 5, line 7, by inserting after the word  
16 "investments." the following: "State agencies and  
17 other entities receiving moneys from the fund shall  
18 cooperate with and assist the board in the compilation  
19 of the report."

20 5. Page 5, by inserting after line 7 the  
21 following:

22 "8. Make a determination to discontinue providing  
23 moneys to the entity if an entity receiving moneys  
24 from the Iowa values fund does not meet criteria  
25 required by an agreement with the board.

26 9. Adopt administrative rules pursuant to chapter  
27 17A necessary to administer this chapter."

28 6. Page 5, line 27, by striking the figure  
29 "95,000,000", and inserting the following:  
30 "90,000,000".

31 7. Page 5, line 29, by striking the figure  
32 "65,000,000", and inserting the following:  
33 "60,000,000".

34 8. Page 5, line 30, by striking the figure  
35 "65,000,000", and inserting the following:  
36 "60,000,000".

37 9. Page 5, line 31, by striking the figure  
38 "55,000,000", and inserting the following:  
39 "50,000,000".

40 10. Page 6, line 23, by inserting after the word  
41 "purposes" the following: "as set out in section  
42 15E.111".

43 11. Page 6, line 25, by inserting after the word  
44 "section" the following: "to procure technical  
45 assistance from either the public or private sector,".

46 12. Page 6, line 25, by striking the word  
47 "purposes" and inserting the following: "purposes,".

48 13. Page 6, by striking lines 26 through 30 and  
49 inserting the following: "rail, air, or river port  
50 transportation-related purposes. The use of moneys

H-1518

1 appropriated for rail, air, or river port  
2 transportation-related purposes must be directly  
3 related to an economic development project and the  
4 moneys must be used to leverage other financial  
5 assistance moneys."

6 14. Page 6, by inserting after line 33 the  
7 following:

8 "8. The entities required to approve applications  
9 for financial assistance from moneys appropriated  
10 under this section shall be as follows:

11 a. For financial assistance totaling one million  
12 dollars or less, the department of economic  
13 development shall approve, deny, or defer the  
14 application.

15 b. For financial assistance totaling between one  
16 million dollars and three million dollars, the  
17 executive council of the Iowa values board shall  
18 approve, deny, or defer the application.

19 c. For financial assistance totaling three million  
20 dollars or more, the Iowa values board shall approve,  
21 deny, or defer the application.

22 9. Of the moneys appropriated under this section  
23 for the fiscal year beginning July 1, 2003, and ending  
24 June 30, 2004, \$10,000,000 is allocated to the tax-  
25 exempt bond proceeds restricted capital funds account  
26 of the tobacco settlement trust fund to replenish  
27 moneys appropriated and expended pursuant to 2003 Iowa  
28 Acts, House File 453, if enacted. Of the moneys  
29 appropriated under this section for the fiscal year  
30 beginning July 1, 2004, and ending June 30, 2005,  
31 \$10,000,000 is allocated to the rebuild Iowa  
32 infrastructure fund to replenish moneys appropriated  
33 and expended pursuant to 2003 Iowa Acts, House File  
34 453, if enacted."

35 15. Page 7, by inserting after line 18 the  
36 following:

37 "4. When awarding moneys appropriated under this  
38 section, the vision Iowa board shall give the  
39 consideration in section 15F.203, subsection 3,  
40 paragraph "c", priority over the other listed  
41 considerations listed in section 15F.203, subsection  
42 3."

43 16. Page 8, line 5, by inserting after the figure  
44 "422E.3A" the following: ", if enacted by 2003 Iowa  
45 Acts, Senate File 445".

46 17. Page 8, line 6, by striking the figure  
47 "300,000,000", and inserting the following:  
48 "250,000,000".

49 18. Page 9, line 2, by inserting after the word  
50 "section" the following: "and provided applications

1 are submitted meeting the requirements of the Iowa  
2 values board".

3 19.. Page 9, by inserting after line 23 the  
4 following:

5 "Sec. \_\_\_\_\_. ENDOW IOWA TAX CREDITS.

6 1. There is appropriated from the Iowa values fund  
7 created in section 15G.105 to the general fund of the  
8 state, for the fiscal year beginning July 1, 2003, and  
9 ending June 30, 2004, the following amount, or so much  
10 thereof as is necessary, to be used for the purpose  
11 designated:

12 For payment of endow Iowa tax credits authorized  
13 pursuant to section 15E.225:

14 ..... \$ 2,

15 2. Notwithstanding section 8.33, moneys that  
16 remain unexpended at the end of a fiscal year shall  
17 not revert to any fund but shall remain available for  
18 expenditure for the designated purposes during the  
19 succeeding fiscal year."

20 20. Page 9, line 24, by striking the word "SEED".

21 21. Page 9, line 30, by striking the word "seed".

22 22. Page 10, line 8, by inserting after the words  
23 "assistance for" the following: "projects in  
24 targeted".

25 23. Page 10, line 33, by striking the figure  
26 "30,000,000", and inserting the following:  
27 "20,000,000".

28 24. Page 11, by inserting after line 2 the  
29 following:

30 "3. The entities required to approve applications  
31 for financial assistance from moneys appropriated  
32 under this section shall be as follows:

33 a. For projects totaling one million dollars or  
34 less, the department of economic development shall  
35 approve, deny, or defer the application.

36 b. For projects totaling between one million  
37 dollars and three million dollars, the executive  
38 council of the Iowa values board shall approve, deny,  
39 or defer the application.

40 c. For projects totaling three million dollars or  
41 more, the Iowa values board shall approve, deny, or  
42 defer the application."

43 25. Page 11, line 10, by inserting after the word  
44 "credits" the following: "and payments to  
45 contributors approved pursuant to section 15E.232".

46 26. Page 11, by striking lines 21 through 26 and  
47 inserting the following:

48 "3. Any moneys appropriated under this section  
49 that remain unobligated on June 30, 2008, shall be  
50 used for providing financial assistance under section

1 15E.232, subsections 3, 4, 5, and 6, for the fiscal  
2 year beginning July 1, 2008."

3 27. Page 11, lines 34 and 35, by striking the  
4 words "the Iowa corn growers association and the Iowa  
5 soybean association" and inserting the following:  
6 ~~"the Iowa corn growers association and the Iowa~~  
7 ~~soybean association~~ Iowa commodity groups".

8 28. Page 12, line 6, by inserting after the word  
9 "facilities." the following: "The department of  
10 economic development may consult with other state  
11 agencies regarding any possible future environmental,  
12 health, or safety issues linked to technology related  
13 to the biotechnology industry."

14 29. Page 12, line 7, by inserting after the word  
15 "shall" the following: "prefer producer-owned, value-  
16 added businesses and".

17 30. Page 12, line 32, by striking the words "or  
18 biodiesel or in the", and inserting the following: ",  
19 biodiesel, biomass, or in the".

20 31. Page 13, line 5, by inserting after the word  
21 "agriculture." the following: "For purposes of this  
22 subsection, "producer-owned, valued-added business"  
23 means a person who holds an equity interest in the  
24 agricultural business and is personally involved in  
25 the production of crops or livestock on a regular,  
26 continuous, and substantial basis."

27 32. Page 13, line 33, by striking the word  
28 "SEED".

29 33. Page 14, by striking line 5 and inserting the  
30 following: "philanthropic activity by providing  
31 capital to new and existing citizen".

32 34. Page 14, line 33, by striking the word  
33 "SEED".

34 35. Page 15, line 10, by striking the word  
35 "this", and inserting the following: "the".

36 36. Page 15, by striking line 15 and inserting  
37 the following: "endow Iowa grants to new and existing  
38 qualified community foundations and to community  
39 affiliate organizations".

40 37. Page 15, line 22, by inserting after the word  
41 "funds." the following: "A qualified community  
42 foundation shall not be required to meet this  
43 requirement."

44 38. Page 15, line 25, by striking the word  
45 "charities", and inserting the following:  
46 "organizations".

47 39. Page 15, line 26, by inserting after the word  
48 "the" the following: "qualified community foundation  
49 or the".

50 40. Page 15, by striking lines 27 through 29 and



1 inserting the following:

2 "3. Endow Iowa grants awarded to new and existing  
3 qualified community foundations and to community  
4 affiliate organizations shall not exceed twenty-five  
5 thousand dollars per foundation or organization unless  
6 a foundation or organization demonstrates a multiple".

7 41. Page 15, line 30, by striking the word  
8 "seed".

9 42. By striking page 15, line 35, through page  
10 16, line 1, and inserting the following:

11 "a. The demonstrated need for financial  
12 assistance."

13 43. Page 16, line 5, by striking the words "The  
14 demonstrated", and inserting the following: "For  
15 community affiliate organizations, the demonstrated".

16 44. Page 19, line 11, by inserting after the  
17 figure "2008," the following: "except those described  
18 in paragraph "b",".

19 45. Page 19, by striking line 29 and inserting  
20 the following:

21 "b. Subject to the provisions of paragraph "c", an  
22 organization exempt from federal income tax pursuant  
23 to section 501(c) of the Internal Revenue Code making  
24 a contribution to an economic development region  
25 revolving fund at any time prior to July 1, 2008,  
26 shall be paid from the general fund of the state an  
27 amount equal to twenty percent of such contributed  
28 amount within thirty days after the end of the fiscal  
29 year during which the contribution was made.

30 c. The aggregate amount of tax credits and  
31 payments to contributors, referred to as the credit  
32 amount, authorized pursuant".

33 46. Page 19, line 31, by striking the words  
34 "amount of tax credits", and inserting the following:  
35 "credit amount".

36 47. By striking page 19, line 33, through page  
37 20, line 1, and inserting the following: "unused  
38 credit amount carried over from previous years. Any  
39 credit amount which remains unused for a fiscal year  
40 may be carried forward to the succeeding fiscal year.  
41 The maximum credit amount that may be authorized in a  
42 fiscal year for".

43 48. Page 20, line 4, by striking the words "tax  
44 credits", and inserting the following: "credit  
45 amount".

46 49. Page 20, line 7, by striking the letter "c.",  
47 and inserting the following: "d."

48 50. Page 20, line 8, by inserting after the word  
49 "section" the following: "and payments to  
50 contributors described in paragraph "b"".

**H-1518**

Page 6

1 51. Page 21, by striking lines 9 and 10 and  
2 inserting the following: "more regions. The board  
3 shall take into consideration the geographical  
4 disbursement of the pilot projects. The department of  
5 economic development shall".

6 52. By striking page 21, line 18, through page  
7 22, line 22, and inserting the following:

8 "1. An approved economic development region may  
9 apply to the Iowa values board for approval to be  
10 designated as an economically isolated area based on  
11 criteria as determined by the board. An economically  
12 isolated area must consist of at least one county  
13 meeting the county distress criteria provided in  
14 section 15E.194. The board shall approve no more than  
15 five regions as economically isolated areas.

16 2. An approved economically isolated area may  
17 apply to the department of economic development for  
18 financial assistance of up to seven hundred fifty  
19 thousand dollars over a five-year period for purposes  
20 of economic development-related marketing assistance  
21 for the area. In order to receive financial  
22 assistance pursuant to this subsection, the  
23 economically isolated area must demonstrate the  
24 ability to provide matching moneys on a one-to-one  
25 basis."

26 53. Page 23, line 35, by striking the words and  
27 figures "through the fiscal year beginning July 1,  
28 2007", and inserting the following: "and for every  
29 fiscal year thereafter".

30 54. Page 24, by striking lines 4 through 9 and  
31 inserting the following: "funds in amounts determined  
32 pursuant to subsection 3. Moneys".

33 55. Page 24, line 20, by inserting after the  
34 figure "260G." the following: "Notwithstanding  
35 section 260G.4B, projects funded with moneys from  
36 workforce training and economic development funds  
37 shall be approved by the Iowa values board established  
38 in section 15G.103."

39 56. Page 24, line 32, by inserting after the word  
40 "programs." the following: "Moneys from workforce  
41 training and economic development funds that are  
42 expended for purposes of this paragraph shall be  
43 approved by the Iowa values board established in  
44 section 15G.103."

45 57. Page 25, line 8, by inserting after the word  
46 "The" the following: "department of economic  
47 development, in conjunction with the".

48 58. Page 25, lines 8 and 9, by striking the words  
49 ", in conjunction with" and inserting the following:  
50 "and".

**H-1518**

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**H-1518**

Page 7

- 1 59. Page 26, by striking lines 2 through 6.
- 2 60. By striking page 26, line 35, through page
- 3 39, line 18.
- 4 61. Page 39, line 26, by striking the word
- 5 "revitalization", and inserting the following:
- 6 "growth".
- 7 62. Page 40, line 18, by striking the word "one",
- 8 and inserting the following: "two".
- 9 63. By renumbering as necessary.

By HOFFMAN of Crawford PETERSEN of Polk  
JENKINS of Black Hawk DANDEKAR of Linn  
JACOBS of Polk KUHN of Floyd  
S. OLSON of Clinton THOMAS of Clayton

**H-1518** FILED APRIL 29, 2003

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**HOUSE FILE 683**

**H-1536**

- 1 Amend the amendment, H-1518, to House File 683 as
- 2 follows:
- 3 1. Page 2, by inserting after line 48 the
- 4 following:
- 5 "\_\_\_". Page 8, by striking lines 18 through 26 and
- 6 inserting the following:
- 7 "For purposes of reducing tuition costs at the
- 8 institutions of higher learning under the control of
- 9 the state board of regents:"
- 10 2. By striking page 2, line 49 through page 3,
- 11 line 2 and inserting the following:
- 12 "\_\_\_". By striking page 8, line 32, through page
- 13 9, line 8."

By FALLON of Polk

**H-1536** FILED APRIL 30, 2003  
WITHDRAWN

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**HOUSE FILE 683**

**H-1537**

- 1 Amend the amendment, H-1518, to House File 683 as
- 2 follows:
- 3 1. Page 1, by striking lines 40 through 42 and
- 4 inserting the following:
- 5 "\_\_\_". Page 6, line 23, by inserting after the
- 6 word "purposes" the following: "as set out in section
- 7 15E.111. Of the moneys allocated under this
- 8 subsection, at least \$5,000,000 shall be used to
- 9 provide financial assistance to producers of food
- 10 products consumed directly in the state. The
- 11 financial assistance shall take the form of start-up
- 12 assistance and assistance in establishing markets".

By FALLON of Polk

**H-1537** FILED APRIL 30, 2003  
WITHDRAWN

HOUSE FILE 683

H-1538

1 Amend the amendment, H-1518, to House File 683 as  
2 follows:

3 1. Page 6, by striking lines 33 through 50 and  
4 inserting the following:

5 "\_\_\_\_. By striking page 24, line 11, through page  
6 25, line 18, and inserting the following: "a fiscal  
7 year shall be expended for purposes of reducing  
8 tuition costs.""

9 2. Page 7, by inserting after line 1 the  
10 following:

11 "\_\_\_\_. Page 26, by striking lines 7 through 34."

12 3. By renumbering as necessary.

By FALLON of Polk

H-1538 FILED APRIL 30, 2003

WITHDRAWN

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HOUSE FILE 683

H-1539

1 Amend the amendment, H-1518, to House File 683 as  
2 follows:

3 1. Page 3, by striking lines 3 through 21 and  
4 inserting the following:

5 "\_\_\_\_. By striking page 9, line 24, through page  
6 10, line 1."

7 2. By striking page 4, line 27, through page 5,  
8 line 15, and inserting the following:

9 "\_\_\_\_. By striking page 13, line 32, through page  
10 18, line 16."

11 3. Page 7, by inserting after line 8 the  
12 following:

13 "\_\_\_\_. Title page, lines 4 and 5, by striking the  
14 words "providing endow Iowa seed grants and endow Iowa  
15 tax credits, "."

16 4. By renumbering as necessary.

By FALLON of Polk

H-1539 FILED APRIL 30, 2003

WITHDRAWN

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HOUSE FILE 683

H-1549

1 Amend the amendment, H-1518, to House File 683 as  
2 follows:

3 1. Page 2, line 24, by inserting after the figure  
4 "2004," the following: "up to".

5 2. Page 2, line 30, by inserting after the figure  
6 "2005," the following: "up to".

By HOFFMAN of Crawford

H-1549 FILED APRIL 30, 2003

ADOPTED

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H-1550

1 Amend House File 683 as follows:

2 1. Page 5, by inserting after line 18 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 15G.106 AGREEMENTS --  
5 REPORTS.

6 1. An entity receiving moneys originating from the  
7 Iowa values fund, including, but not limited to,  
8 moneys appropriated from the fund to the department of  
9 economic development and the office of the treasurer  
10 of state, shall enter into an agreement with the board  
11 specifying the requirements that must be met to  
12 confirm eligibility to receive such moneys. The  
13 agreement shall contain a provision requiring the  
14 repayment of all or a portion of the moneys received  
15 if requirements of the agreement, a mechanism for  
16 determining whether the requirements have not been  
17 met, and a method for determining the repayment  
18 amount. The agreement shall contain the current  
19 number of jobs and the wage levels at the business of  
20 the entity at the time of receiving moneys, the  
21 projected number of jobs created and the wages for the  
22 new jobs as a result of receiving the moneys, and the  
23 projected timeline for meeting the job creation and  
24 wage level objectives. The projected timeline for job  
25 creation and wage level objectives shall be considered  
26 a requirement of the agreement and the failure to meet  
27 the projected timeline shall cause the repayment  
28 provisions of the agreement to be enforced. The  
29 agreement shall require the entity receiving moneys,  
30 for the length of the agreement, to certify annually  
31 to the board the compliance of the entity with the  
32 requirements of the agreement, including the timeline  
33 projections. The compliance certifications shall also  
34 include projected revenue to the state caused by the  
35 investment of moneys received from the fund, the type  
36 of business organization under which the entity is  
37 organized, and, when possible, the race and gender of  
38 the ownership of the entity.

39 2. By January 15 of each year, the board shall  
40 submit a written report to the general assembly  
41 relating to the information gathered pursuant to  
42 subsection 1 during the previous calendar year. The  
43 information shall include, but not be limited to,  
44 moneys awarded, jobs created, wage levels of new jobs,  
45 projected revenue to the state as a result of the  
46 moneys awarded, whether compliance issues have arisen,  
47 and how the compliance issues were resolved."

48 2. By renumbering as necessary.

By WINCKLER of Scott  
KUHNS of Floyd

H-1550 FILED APRIL 30, 2003

LOST

H-1558

1 Amend House File 683 as follows:

2 1. Page 1, by striking line 2 and inserting the  
3 following: "IOWA VALUES BOARD AND FUND -- BONDING  
4 AUTHORITY

5 Section 1. Section 8.57, subsection 5, paragraph  
6 e, Code 2003, is amended to read as follows:

7 e. Notwithstanding provisions to the contrary in  
8 sections 99D.17 and 99F.11, for the fiscal year period  
9 beginning July 1, 2000, ~~and for each fiscal year~~  
10 ~~thereafter, 2003, and ending June 30, 2005, not more~~  
11 ~~than a total of sixty million dollars shall be~~  
12 ~~deposited in the general fund of the state in any~~  
13 ~~fiscal year pursuant to sections 99D.17 and 99F.11;~~  
14 ~~for the fiscal period beginning July 1, 2005, and~~  
15 ~~ending June 30, 2030, not more than a total of sixty~~  
16 ~~million dollars of the moneys directed to be deposited~~  
17 ~~in the general fund of the state in a fiscal year~~  
18 ~~pursuant to sections 99D.17 and 99F.11 shall be~~  
19 ~~deposited in the Iowa values fund created in section~~  
20 ~~15G.105 in any fiscal year; and for the fiscal year~~  
21 ~~beginning July 1, 2030, and for each fiscal year~~  
22 ~~thereafter, not more than a total of sixty million~~  
23 ~~dollars shall be deposited in the general fund of the~~  
24 ~~state in any fiscal year pursuant to sections 99D.17~~  
25 ~~and 99F.11. The next fifteen million dollars of the~~  
26 ~~moneys directed to be deposited in the general fund of~~  
27 ~~the state in a fiscal year pursuant to sections 99D.17~~  
28 ~~and 99F.11 shall be deposited in the vision Iowa fund~~  
29 ~~created in section 12.72 for the fiscal year beginning~~  
30 ~~July 1, 2000, and for each fiscal year through the~~  
31 ~~fiscal year beginning July 1, 2019. The next five~~  
32 ~~million dollars of the moneys directed to be deposited~~  
33 ~~in the general fund of the state in a fiscal year~~  
34 ~~pursuant to sections 99D.17 and 99F.11 shall be~~  
35 ~~deposited in the school infrastructure fund created in~~  
36 ~~section 12.82 for the fiscal year beginning July 1,~~  
37 ~~2000, and for each fiscal year thereafter until the~~  
38 ~~principal and interest on all bonds issued by the~~  
39 ~~treasurer of state pursuant to section 12.81 are paid,~~  
40 ~~as determined by the treasurer of state. The total~~  
41 ~~moneys in excess of the moneys deposited in the~~  
42 ~~general fund of the state, the Iowa values fund, the~~  
43 ~~vision Iowa fund, and the school infrastructure fund~~  
44 ~~in a fiscal year shall be deposited in the rebuild~~  
45 ~~Iowa infrastructure fund and shall be used as provided~~  
46 ~~in this section, notwithstanding section 8.60.~~  
47 If the total amount of moneys directed to be  
48 deposited in the general fund of the state under  
49 sections 99D.17 and 99F.11 in a fiscal year is less  
50 than the total amount of moneys directed to be

H-1558

1 deposited in the Iowa values fund, the vision Iowa  
2 fund, and the school infrastructure fund in the fiscal  
3 year pursuant to this paragraph "e", the difference  
4 shall be paid from lottery revenues in the manner  
5 provided in section 99E.10, subsection 3.

6 Sec. \_\_\_\_ . NEW SECTION. 12.91 GENERAL AND  
7 SPECIFIC BONDING POWERS -- IOWA VALUES PROGRAM.

8 1. The treasurer of state may issue bonds for the  
9 purpose of funding the Iowa values fund created in  
10 section 15G.105. The treasurer of state shall have  
11 all of the powers which are necessary to issue and  
12 secure bonds and carry out the purposes of the fund.  
13 The treasurer of state may issue bonds in principal  
14 amounts which are necessary to provide sufficient  
15 funds for the Iowa values fund, the payment of  
16 interest on the bonds, the establishment of reserves  
17 to secure the bonds, the costs of issuance of the  
18 bonds, other expenditures of the treasurer of state  
19 incident to and necessary or convenient to carry out  
20 the bond issue for the fund, and all other  
21 expenditures of the board necessary or convenient to  
22 administer the fund. The bonds are investment  
23 securities and negotiable instruments within the  
24 meaning of and for purposes of the uniform commercial  
25 code.

26 2. Bonds issued under this section are payable  
27 solely and only out of the moneys, assets, or revenues  
28 of the Iowa values fund and any bond reserve funds  
29 established pursuant to section 12.92, all of which  
30 may be deposited with trustees or depositories in  
31 accordance with bond or security documents and pledged  
32 to the payment thereof. Bonds issued under this  
33 section shall contain on their face a statement that  
34 the bonds do not constitute an indebtedness of the  
35 state. The treasurer of state shall not pledge the  
36 credit or taxing power of this state or any political  
37 subdivision of the state or make bonds issued pursuant  
38 to this section payable out of any moneys except those  
39 in the Iowa values fund.

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

49 4. The bonds shall be:

50 a. In a form, issued in denominations, executed in

1 a manner, and payable over terms and with rights of  
2 redemption, and be subject to the terms, conditions,  
3 and covenants providing for the payment of the  
4 principal of, redemption premiums, if any, interest  
5 which may be fixed or variable during any period the  
6 bonds are outstanding, and such other terms and  
7 conditions as prescribed in the trust indenture,  
8 resolution, or other instrument authorizing their  
9 issuance.

10 b. Negotiable instruments under the laws of the  
11 state and may be sold at prices, at public or private  
12 sale, and in a manner, as prescribed by the treasurer  
13 of state. Chapters 73A, 74, 74A, and 75 do not apply  
14 to the sale or issuance of the bonds.

15 c. Subject to the terms, conditions, and covenants  
16 providing for the payment of the principal, redemption  
17 premiums, if any, interest, and other terms,  
18 conditions, covenants, and protective provisions  
19 safeguarding payment, not inconsistent with this  
20 section and as determined by the trust indenture,  
21 resolution, or other instrument authorizing their  
22 issuance.

23 5. The bonds are securities in which public  
24 officers and bodies of this state, political  
25 subdivisions of this state, insurance companies and  
26 associations and other persons carrying on an  
27 insurance business, banks, trust companies, savings  
28 associations, savings and loan associations, and  
29 investment companies; administrators, guardians,  
30 executors, trustees, and other fiduciaries; and other  
31 persons authorized to invest in bonds or other  
32 obligations of the state, may properly and legally  
33 invest funds, including capital, in their control or  
34 belonging to them.

35 6. Bonds must be authorized by a trust indenture,  
36 resolution, or other instrument of the treasurer of  
37 state.

38 7. Neither the resolution, trust indenture, nor  
39 any other instrument by which a pledge is created  
40 needs to be recorded or filed under the Iowa uniform  
41 commercial code to be valid, binding, or effective.

42 8. Bonds issued under the provisions of this  
43 section are declared to be issued for a general public  
44 and governmental purpose and all bonds issued under  
45 this section shall be exempt from taxation by the  
46 state of Iowa and the interest on the bonds shall be  
47 exempt from the state income tax and the state  
48 inheritance and estate tax.

49 9. Subject to the terms of any bond documents,  
50 moneys in the Iowa values fund may be expended for



1 administration expenses.

2 10. The treasurer of state may issue bonds for the  
3 purpose of refunding any bonds issued pursuant to this  
4 section then outstanding, including the payment of any  
5 redemption premiums thereon and any interest accrued  
6 or to accrue to the date of redemption of the  
7 outstanding bonds. Until the proceeds of bonds issued  
8 for the purpose of refunding outstanding bonds are  
9 applied to the purchase or retirement of outstanding  
10 bonds or the redemption of outstanding bonds, the  
11 proceeds may be placed in escrow and be invested and  
12 reinvested in accordance with the provisions of this  
13 section. The interest, income, and profits earned or  
14 realized on an investment may also be applied to the  
15 payment of the outstanding bonds to be refunded by  
16 purchase, retirement, or redemption. After the terms  
17 of the escrow have been fully satisfied and carried  
18 out, any balance of proceeds and interest earned or  
19 realized on the investments may be returned to the  
20 treasurer of state for deposit in the Iowa values fund  
21 established in section 15G.105. All refunding bonds  
22 shall be issued and secured and subject to the  
23 provisions of this chapter in the same manner and to  
24 the same extent as other bonds issued pursuant to this  
25 section.

26 11. The treasurer of state shall have all of the  
27 powers which are necessary to issue and secure bonds,  
28 including but not limited to the power to procure  
29 insurance, other credit enhancements, and other  
30 financing arrangements, and to execute instruments and  
31 contracts and to enter into agreements convenient or  
32 necessary to facilitate financing arrangements with  
33 respect to the bonds and to carry out the purposes of  
34 the fund, including but not limited to such  
35 arrangements, instruments, contracts, and agreements  
36 as municipal bond insurance, self-insurance or  
37 liquidity trusts, accounts, pools or other  
38 arrangements, liquidity facilities or covenants,  
39 letters of credit, and interest rate agreements.

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

1 Sec. \_\_\_\_ . NEW SECTION. 12.92 IOWA VALUES FUND  
2 ACCOUNTS AND RESERVE FUNDS.

3 1. The treasurer of state shall establish such  
4 accounts within the Iowa values fund created in  
5 section 15G.105 as may be appropriate, including debt  
6 service accounts for the purpose of paying the  
7 principal of, redemption premium, if any, and interest  
8 on bonds payable therefrom. Moneys in the debt  
9 service accounts shall not be subject to appropriation  
10 for any other purpose by the general assembly, but  
11 shall be used only for the purposes of paying the  
12 principal of, redemption premium, if any, and interest  
13 on the bonds payable therefrom.

14 2. Revenue for the Iowa values fund shall include,  
15 but is not limited to, the following, which shall be  
16 deposited with the treasurer of state or its designee  
17 as provided by any bond or security documents and  
18 credited to the debt service account:

19 a. The proceeds of bonds issued to capitalize and  
20 pay the costs of the fund and investment earnings on  
21 the proceeds.

22 b. Interest attributable to investment of moneys  
23 in the fund or an account of the fund.

24 c. Moneys in the form of a devise, gift, bequest,  
25 donation, federal or other grant, reimbursement,  
26 repayment, judgment, transfer, payment, or  
27 appropriation from any source intended to be used for  
28 the purposes of the fund or account.

29 3. a. The treasurer of state may create and  
30 establish one or more special funds, to be known as  
31 "bond reserve funds", to secure one or more issues of  
32 bonds issued pursuant to section 12.91. The treasurer  
33 of state shall pay into each bond reserve fund any  
34 moneys appropriated and made available by the state or  
35 treasurer of state for the purpose of the fund, any  
36 proceeds of sale of bonds to the extent provided in  
37 the resolutions or trust indentures authorizing their  
38 issuance, and any other moneys which may be available  
39 to the treasurer of state for the purpose of the fund  
40 from any other sources. All moneys held in a bond  
41 reserve fund, except as otherwise provided in this  
42 chapter, shall be used as required solely for the  
43 payment of the principal of bonds secured in whole or  
44 in part by the fund or of the sinking fund payments  
45 with respect to the bonds, the purchase or redemption  
46 of the bonds, the payment of interest on the bonds, or  
47 the payments of any redemption premium required to be  
48 paid when the bonds are redeemed prior to maturity.

49 b. Moneys in a bond reserve fund shall not be  
50 withdrawn from it at any time in an amount that will

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

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

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

32 d. To assure the continued solvency of any bonds  
33 secured by the bond reserve fund, provision is made in  
34 paragraph "a" for the accumulation in each bond  
35 reserve fund of an amount equal to the bond reserve  
36 requirement for the fund. In order to further assure  
37 maintenance of the bond reserve funds, the treasurer  
38 of state shall, on or before January 1 of each  
39 calendar year, make and deliver to the governor the  
40 treasurer of state's certificate stating the sum, if  
41 any, required to restore each bond reserve fund to the  
42 bond reserve fund requirement for that fund. Within  
43 thirty days after the beginning of the session of the  
44 general assembly next following the delivery of the  
45 certificate, the governor shall submit to both houses  
46 printed copies of a budget including the sum, if any,  
47 required to restore each bond reserve fund to the bond  
48 reserve fund requirement for that fund. Any sums  
49 appropriated by the general assembly and paid to the  
50 treasurer of state pursuant to this subsection shall

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

3 Sec. \_\_\_\_ . NEW SECTION. 12.93 PLEDGES.

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

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

24 Sec. \_\_\_\_ . NEW SECTION. 12.94 LIMITATIONS.

25 Bonds issued pursuant to section 12.91 are not  
26 debts of the state, or of any political subdivision of  
27 the state, and do not constitute a pledge of the faith  
28 and credit of the state or a charge against the  
29 general credit or general fund of the state. The  
30 issuance of any bonds pursuant to section 12.91 by the  
31 treasurer of state does not directly, indirectly, or  
32 contingently obligate the state or a political  
33 subdivision of the state to apply moneys, or to levy  
34 or pledge any form of taxation whatever, to the  
35 payment of the bonds. Bonds issued under section  
36 12.91 are payable solely and only from the sources and  
37 special fund and accounts provided in section 12.92.

38 Sec. \_\_\_\_ . NEW SECTION. 12.95 CONSTRUCTION.

39 Sections 12.91 through 12.94, being necessary for  
40 the welfare of this state and its inhabitants, shall  
41 be liberally construed to effect its purposes."

42 2. Page 5, by striking lines 9 through 13 and  
43 inserting the following:

44 "An Iowa values fund is created and established as  
45 a separate and distinct fund in the state treasury.  
46 Moneys in the fund shall not be subject to  
47 appropriation for any other purposes by the general  
48 assembly, other than as provided in this Act, but  
49 shall be used only for the purposes of the Iowa values  
50 fund. The treasurer of state shall act as custodian

**H-1558**

Page 8

1 of the fund and disburse moneys contained in the fund  
2 as directed by the Iowa values board, including  
3 automatic disbursements of funds received pursuant to  
4 the terms of bond indentures and documents and  
5 security provisions to trustees. The fund shall be  
6 administered by the Iowa values board, which shall  
7 make expenditures from the fund consistent with the  
8 purposes of this Act without further appropriation.  
9 Payments of interest, repayments of".

10 3. Title page, line 2, by inserting after the  
11 word "fund," the following: "providing for the  
12 issuance of tax-exempt bonds,".

13 4. By renumbering as necessary.

By HOFFMAN of Crawford

**H-1558** FILED APRIL 30, 2003

ADOPTED

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**HOUSE FILE 683**

**H-1559**

1 Amend the amendment, H-1518, to House File 683 as  
2 follows:

3 1. Page 4, by striking lines 17 through 19 and  
4 inserting the following:

5 "\_\_\_\_. Page 12, by striking lines 32 and 33 and  
6 inserting the following: "involved in the production  
7 of ethanol or biodiesel."

By WATTS of Dallas

J. K. VAN FOSSEN of Scott

**H-1559** FILED APRIL 30, 2003

WITHDRAWN

H-1565

1 Amend the amendment, H-1517, to House File 683, as  
2 follows:

3 1. Page 45 by inserting after line 5 the  
4 following:

5 "b. That in transactions, except those subject to  
6 paragraph "c", in which tangible personal property is  
7 traded toward the purchase price of other tangible  
8 personal property the purchase price is only that  
9 portion of the purchase price which is payable in  
10 money to the retailer if the following conditions are  
11 met:

12 (1) The tangible personal property traded to the  
13 retailer is the type of property normally sold in the  
14 regular course of the retailer's business.

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

20 2. Page 45, line 6, by striking the letter "b."  
21 and inserting the following: "c."

By JENKINS of Black Hawk

H-1565 FILED APRIL 30, 2003

ADOPTED

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## H-1560

- 1 Amend the amendment, H-1518, to House File 683 as  
 2 follows:
- 3 1. Page 1, by striking lines 28 through 39 and  
 4 inserting the following:  
 5 "\_\_\_\_\_. Page 5, line 27, by striking the figure  
 6 "95,000,000", and inserting the following:  
 7 "50,000,000".  
 8 \_\_\_\_\_. Page 5, line 28, by striking the figure  
 9 "70,000,000", and inserting the following:  
 10 "50,000,000".  
 11 \_\_\_\_\_. Page 5, line 29, by striking the figure  
 12 "65,000,000", and inserting the following:  
 13 "50,000,000".  
 14 \_\_\_\_\_. Page 5, line 30, by striking the figure  
 15 "65,000,000", and inserting the following:  
 16 "50,000,000".  
 17 \_\_\_\_\_. Page 5, line 31, by striking the figure  
 18 "55,000,000", and inserting the following:  
 19 "50,000,000"."
- 20 2. By striking page 2, line 35, through page 4,  
 21 line 2, and inserting the following:  
 22 "\_\_\_\_\_. By striking page 6, line 34, through page  
 23 11, line 26."
- 24 3. By striking page 4, line 27, through page 6,  
 25 line 5, and inserting the following:  
 26 "\_\_\_\_\_. By striking page 13, line 32, through page  
 27 23, line 17."
- 28 4. Page 7, by inserting before line 1 the  
 29 following:  
 30 "\_\_\_\_\_. Page 25, line 25, by striking the word  
 31 "Ten", and inserting the following: "Five".  
 32 \_\_\_\_\_. Page 25, line 27, by striking the word  
 33 "Fifteen", and inserting the following: "Ten".  
 34 \_\_\_\_\_. Page 25, line 29, by striking the word  
 35 "Twenty", and inserting the following: "Fifteen".  
 36 \_\_\_\_\_. Page 25, line 31, by striking the word  
 37 "Twenty-five", and inserting the following:  
 38 "Twenty"."
- 39 5. Page 7, by striking lines 2 through 8 and  
 40 inserting the following:  
 41 "\_\_\_\_\_. By striking page 26, line 35, through page  
 42 40, line 35.  
 43 \_\_\_\_\_. Title page, by striking lines 4 through 11  
 44 and inserting the following: "program, creating  
 45 workforce training and economic development funds for  
 46 community colleges,."
- 47 6. By renumbering as necessary.

By WATTS of Dallas  
 J. K. VAN FOSSEN of Scott  
 PAULSEN of Linn

H-1571

1 Amend the amendment, H-1517, to House File 683 as  
2 follows:

3 1. Page 27, line 27, by inserting after the word  
4 "payment" the following: ", other than food which  
5 would be qualified for exemption under subsection 57  
6 if purchased with a coupon described in subsection  
7 57".

8 2. Page 27, line 30, by inserting after the word  
9 "seller" the following: ", including food sold by a  
10 caterer".

11 3. Page 27, line 32, by striking the word  
12 ""Prepared".

13 4. Page 27, by striking lines 33 through 40 and  
14 inserting the following:

15 "(4) "Prepared food", for the purposes of this  
16 paragraph, does not include food that is any of the  
17 following:

18 (a) Only cut, repackaged, or pasteurized by the  
19 seller.

20 (b) Eggs, fish, meat, poultry, and foods  
21 containing these raw animal foods requiring cooking by  
22 the consumer as recommended by the United States food  
23 and drug administration in chapter 3, part 401.11 of  
24 its food code, so as to prevent food borne illnesses.

25 (c) Bakery items sold by the seller which baked  
26 them. The words "bakery items" includes but is not  
27 limited to breads, rolls, buns, biscuits, bagels,  
28 croissants, pastries, donuts, Danish, cakes, tortes,  
29 pies, tarts, muffins, bars, cookies, and tortillas.

30 (d) Food sold without eating utensils provided by  
31 the seller in an unheated state as a single item which  
32 is priced by weight or volume."

By JENKINS of Black Hawk

H-1571 FILED APRIL 30, 2003

ADOPTED

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(As Amended and Passed by the House April 30, 2003)

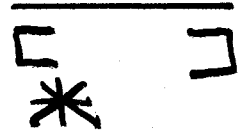
Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to economic development by creating an Iowa  
2 values board and Iowa values fund, providing for the issuance  
3 of tax-exempt bonds, modifying the value-added agricultural  
4 products and processes financial assistance program, providing  
5 endow Iowa seed grants and endow Iowa tax credits, providing  
6 funding and tax credits for economic development regions,  
7 creating workforce training and economic development funds for  
8 community colleges, establishing a school financing program  
9 for school infrastructure purposes, creating a cultural and  
10 entertainment district certification program, increasing the  
11 availability of rehabilitation project tax credits,  
12 eliminating a small business advisory council, providing for a  
13 streamlined sales and use tax law, making appropriations, and  
14 including effective date and retroactive applicability  
15 provisions.

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

17  
18  
19  
20  
21  
22  
23

House Amendments \_\_\_\_\_  
Deleted Language 

## DIVISION I

## IOWA VALUES BOARD AND FUND -- BONDING

## AUTHORITY

1  
2  
3  
4 Section 1. Section 8.57, subsection 5, paragraph e, Code  
5 2003, is amended to read as follows:

6 e. Notwithstanding provisions to the contrary in sections  
7 99D.17 and 99F.11, for the fiscal year period beginning July  
8 1, ~~2000, and for each fiscal year thereafter,~~ 2003, and ending  
9 June 30, 2005, not more than a total of sixty million dollars  
10 shall be deposited in the general fund of the state in any  
11 fiscal year pursuant to sections 99D.17 and 99F.11; for the  
12 fiscal period beginning July 1, 2005, and ending June 30,  
13 2030, not more than a total of sixty million dollars of the  
14 moneys directed to be deposited in the general fund of the  
15 state in a fiscal year pursuant to sections 99D.17 and 99F.11  
16 shall be deposited in the Iowa values fund created in section  
17 15G.105 in any fiscal year; and for the fiscal year beginning  
18 July 1, 2030, and for each fiscal year thereafter, not more  
19 than a total of sixty million dollars shall be deposited in  
20 the general fund of the state in any fiscal year pursuant to  
21 sections 99D.17 and 99F.11. The next fifteen million dollars  
22 of the moneys directed to be deposited in the general fund of  
23 the state in a fiscal year pursuant to sections 99D.17 and  
24 99F.11 shall be deposited in the vision Iowa fund created in  
25 section 12.72 for the fiscal year beginning July 1, 2000, and  
26 for each fiscal year through the fiscal year beginning July 1,  
27 2019. The next five million dollars of the moneys directed to  
28 be deposited in the general fund of the state in a fiscal year  
29 pursuant to sections 99D.17 and 99F.11 shall be deposited in  
30 the school infrastructure fund created in section 12.82 for  
31 the fiscal year beginning July 1, 2000, and for each fiscal  
32 year thereafter until the principal and interest on all bonds  
33 issued by the treasurer of state pursuant to section 12.81 are  
34 paid, as determined by the treasurer of state. The total  
35 moneys in excess of the moneys deposited in the general fund

1 [ of the state, the Iowa values fund, the vision Iowa fund, and  
2 the school infrastructure fund in a fiscal year shall be  
3 deposited in the rebuild Iowa infrastructure fund and shall be  
4 used as provided in this section, notwithstanding section  
5 8.60.

6 If the total amount of moneys directed to be deposited in  
7 the general fund of the state under sections 99D.17 and 99F.11  
8 in a fiscal year is less than the total amount of moneys  
9 directed to be deposited in the Iowa values fund, the vision  
10 Iowa fund, and the school infrastructure fund in the fiscal  
11 year pursuant to this paragraph "e", the difference shall be  
12 paid from lottery revenues in the manner provided in section  
13 99E.10, subsection 3.

14 Sec. 2. NEW SECTION. 12.91 GENERAL AND SPECIFIC BONDING  
15 POWERS -- IOWA VALUES PROGRAM.

16 1. The treasurer of state may issue bonds for the purpose  
17 of funding the Iowa values fund created in section 15G.105.  
18 The treasurer of state shall have all of the powers which are  
19 necessary to issue and secure bonds and carry out the purposes  
20 of the fund. The treasurer of state may issue bonds in  
21 principal amounts which are necessary to provide sufficient  
22 funds for the Iowa values fund, the payment of interest on the  
23 bonds, the establishment of reserves to secure the bonds, the  
24 costs of issuance of the bonds, other expenditures of the  
25 treasurer of state incident to and necessary or convenient to  
26 carry out the bond issue for the fund, and all other  
27 expenditures of the board necessary or convenient to  
28 administer the fund. The bonds are investment securities and  
29 negotiable instruments within the meaning of and for purposes  
30 of the uniform commercial code.

31 2. Bonds issued under this section are payable solely and  
32 only out of the moneys, assets, or revenues of the Iowa values  
33 fund and any bond reserve funds established pursuant to  
34 section 12.92, all of which may be deposited with trustees or  
35 depositories in accordance with bond or security documents and ]

1 [pledged to the payment thereof. Bonds issued under this  
2 section shall contain on their face a statement that the bonds  
3 do not constitute an indebtedness of the state. The treasurer  
4 of state shall not pledge the credit or taxing power of this  
5 state or any political subdivision of the state or make bonds  
6 issued pursuant to this section payable out of any moneys  
7 except those in the Iowa values fund.

8 3. The proceeds of bonds issued by the treasurer of state  
9 and not required for immediate disbursement may be deposited  
10 with a trustee or depository as provided in the bond documents  
11 and invested or reinvested in any investment as directed by  
12 the treasurer of state and specified in the trust indenture,  
13 resolution, or other instrument pursuant to which the bonds  
14 are issued without regard to any limitation otherwise provided  
15 by law.

16 4. The bonds shall be:

17 a. In a form, issued in denominations, executed in a  
18 manner, and payable over terms and with rights of redemption,  
19 and be subject to the terms, conditions, and covenants  
20 providing for the payment of the principal of, redemption  
21 premiums, if any, interest which may be fixed or variable  
22 during any period the bonds are outstanding, and such other  
23 terms and conditions as prescribed in the trust indenture,  
24 resolution, or other instrument authorizing their issuance.

25 b. Negotiable instruments under the laws of the state and  
26 may be sold at prices, at public or private sale, and in a  
27 manner, as prescribed by the treasurer of state. Chapters  
28 73A, 74, 74A, and 75 do not apply to the sale or issuance of  
29 the bonds.

30 c. Subject to the terms, conditions, and covenants  
31 providing for the payment of the principal, redemption  
32 premiums, if any, interest, and other terms, conditions,  
33 covenants, and protective provisions safeguarding payment, not  
34 inconsistent with this section and as determined by the trust  
35 indenture, resolution, or other instrument authorizing their

1 [ issuance.

2 5. The bonds are securities in which public officers and  
3 bodies of this state, political subdivisions of this state,  
4 insurance companies and associations and other persons  
5 carrying on an insurance business, banks, trust companies,  
6 savings associations, savings and loan associations, and  
7 investment companies; administrators, guardians, executors,  
8 trustees, and other fiduciaries; and other persons authorized  
9 to invest in bonds or other obligations of the state, may  
10 properly and legally invest funds, including capital, in their  
11 control or belonging to them.

12 6. Bonds must be authorized by a trust indenture,  
13 resolution, or other instrument of the treasurer of state.

14 7. Neither the resolution, trust indenture, nor any other  
15 instrument by which a pledge is created needs to be recorded  
16 or filed under the Iowa uniform commercial code to be valid,  
17 binding, or effective.

18 8. Bonds issued under the provisions of this section are  
19 declared to be issued for a general public and governmental  
20 purpose and all bonds issued under this section shall be  
21 exempt from taxation by the state of Iowa and the interest on  
22 the bonds shall be exempt from the state income tax and the  
23 state inheritance and estate tax.

24 9. Subject to the terms of any bond documents, moneys in  
25 the Iowa values fund may be expended for administration  
26 expenses.

27 10. The treasurer of state may issue bonds for the purpose  
28 of refunding any bonds issued pursuant to this section then  
29 outstanding, including the payment of any redemption premiums  
30 thereon and any interest accrued or to accrue to the date of  
31 redemption of the outstanding bonds. Until the proceeds of  
32 bonds issued for the purpose of refunding outstanding bonds  
33 are applied to the purchase or retirement of outstanding bonds  
34 or the redemption of outstanding bonds, the proceeds may be  
35 placed in escrow and be invested and reinvested in accordance ]

1 [ with the provisions of this section. The interest, income,  
2 and profits earned or realized on an investment may also be  
3 applied to the payment of the outstanding bonds to be refunded  
4 by purchase, retirement, or redemption. After the terms of  
5 the escrow have been fully satisfied and carried out, any  
6 balance of proceeds and interest earned or realized on the  
7 investments may be returned to the treasurer of state for  
8 deposit in the Iowa values fund established in section  
9 15G.105. All refunding bonds shall be issued and secured and  
10 subject to the provisions of this chapter in the same manner  
11 and to the same extent as other bonds issued pursuant to this  
12 section.

13 11. The treasurer of state shall have all of the powers  
14 which are necessary to issue and secure bonds, including but  
15 not limited to the power to procure insurance, other credit  
16 enhancements, and other financing arrangements, and to execute  
17 instruments and contracts and to enter into agreements  
18 convenient or necessary to facilitate financing arrangements  
19 with respect to the bonds and to carry out the purposes of the  
20 fund, including but not limited to such arrangements,  
21 instruments, contracts, and agreements as municipal bond  
22 insurance, self-insurance or liquidity trusts, accounts, pools  
23 or other arrangements, liquidity facilities or covenants,  
24 letters of credit, and interest rate agreements.

25 12. For purposes of this section and sections 12.92  
26 through 12.95, the term "bonds" means bonds, notes, and other  
27 obligations and financing arrangements issued or entered into  
28 by the treasurer of state and the term "interest rate  
29 agreement" means an interest rate swap or exchange agreement,  
30 an agreement establishing an interest rate floor or ceiling or  
31 both, or any similar agreement. Any such agreement may  
32 include the option to enter into or cancel the agreement or to  
33 reverse or extend the agreement.

34 Sec. 3. NEW SECTION. 12.92 IOWA VALUES FUND ACCOUNTS AND  
35 RESERVE FUNDS. ]

1 1. The treasurer of state shall establish such accounts  
2 within the Iowa values fund created in section 15G.105 as may  
3 be appropriate, including debt service accounts for the  
4 purpose of paying the principal of, redemption premium, if  
5 any, and interest on bonds payable therefrom. Moneys in the  
6 debt service accounts shall not be subject to appropriation  
7 for any other purpose by the general assembly, but shall be  
8 used only for the purposes of paying the principal of,  
9 redemption premium, if any, and interest on the bonds payable  
10 therefrom.

11 2. Revenue for the Iowa values fund shall include, but is  
12 not limited to, the following, which shall be deposited with  
13 the treasurer of state or its designee as provided by any bond  
14 or security documents and credited to the debt service  
15 account:

16 a. The proceeds of bonds issued to capitalize and pay the  
17 costs of the fund and investment earnings on the proceeds.

18 b. Interest attributable to investment of moneys in the  
19 fund or an account of the fund.

20 c. Moneys in the form of a devise, gift, bequest,  
21 donation, federal or other grant, reimbursement, repayment,  
22 judgment, transfer, payment, or appropriation from any source  
23 intended to be used for the purposes of the fund or account.

24 3. a. The treasurer of state may create and establish one  
25 or more special funds, to be known as "bond reserve funds", to  
26 secure one or more issues of bonds issued pursuant to section  
27 12.91. The treasurer of state shall pay into each bond  
28 reserve fund any moneys appropriated and made available by the  
29 state or treasurer of state for the purpose of the fund, any  
30 proceeds of sale of bonds to the extent provided in the  
31 resolutions or trust indentures authorizing their issuance,  
32 and any other moneys which may be available to the treasurer  
33 of state for the purpose of the fund from any other sources.  
34 All moneys held in a bond reserve fund, except as otherwise  
35 provided in this chapter, shall be used as required solely for

1 [the payment of the principal of bonds secured in whole or in  
2 part by the fund or of the sinking fund payments with respect  
3 to the bonds, the purchase or redemption of the bonds, the  
4 payment of interest on the bonds, or the payments of any  
5 redemption premium required to be paid when the bonds are  
6 redeemed prior to maturity.

7 b. Moneys in a bond reserve fund shall not be withdrawn  
8 from it at any time in an amount that will reduce the amount  
9 of the fund to less than the bond reserve fund requirement  
10 established for the fund, as provided in this subsection,  
11 except for the purpose of making, with respect to bonds  
12 secured in whole or in part by the fund, payment when due of  
13 principal, interest, redemption premiums, and the sinking fund  
14 payments with respect to the bonds for the payment of which  
15 other moneys of the treasurer of state are not available.

16 Any income or interest earned by, or incremental to, a bond  
17 reserve fund due to the investment of it may be transferred by  
18 the treasurer of state to other funds or accounts to the  
19 extent the transfer does not reduce the amount of that bond  
20 reserve fund below the bond reserve fund requirement for it.

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

35 d. To assure the continued solvency of any bonds secured [



1 by the bond reserve fund, provision is made in paragraph "a"  
2 for the accumulation in each bond reserve fund of an amount  
3 equal to the bond reserve requirement for the fund. In order  
4 to further assure maintenance of the bond reserve funds, the  
5 treasurer of state shall, on or before January 1 of each  
6 calendar year, make and deliver to the governor the treasurer  
7 of state's certificate stating the sum, if any, required to  
8 restore each bond reserve fund to the bond reserve fund  
9 requirement for that fund. Within thirty days after the  
10 beginning of the session of the general assembly next  
11 following the delivery of the certificate, the governor shall  
12 submit to both houses printed copies of a budget including the  
13 sum, if any, required to restore each bond reserve fund to the  
14 bond reserve fund requirement for that fund. Any sums  
15 appropriated by the general assembly and paid to the treasurer  
16 of state pursuant to this subsection shall be deposited by the  
17 treasurer of state in the applicable bond reserve fund.

18 Sec. 4. NEW SECTION. 12.93 PLEDGES.

19 1. It is the intention of the general assembly that a  
20 pledge made in respect of bonds shall be valid and binding  
21 from the time the pledge is made, that the moneys or property  
22 so pledged and received after the pledge by the treasurer of  
23 state shall immediately be subject to the lien of the pledge  
24 without physical delivery or further act, and that the lien of  
25 the pledge shall be valid and binding as against all parties  
26 having claims of any kind in tort, contract, or otherwise  
27 against the treasurer of state whether or not the parties have  
28 notice of the lien.

29 2. The moneys set aside in a fund or funds pledged for any  
30 series or issue of bonds shall be held for the sole benefit of  
31 the series or issue separate and apart from moneys pledged for  
32 another series or issue of bonds of the treasurer of state.  
33 Bonds may be issued in series under one or more resolutions or  
34 trust indentures and may be fully open-ended, thus providing  
35 for the unlimited issuance of additional series, or partially ]

1 [open-ended, limited as to additional series.

2 Sec. 5. NEW SECTION. 12.94 LIMITATIONS.

3 Bonds issued pursuant to section 12.91 are not debts of the  
4 state, or of any political subdivision of the state, and do  
5 not constitute a pledge of the faith and credit of the state  
6 or a charge against the general credit or general fund of the  
7 state. The issuance of any bonds pursuant to section 12.91 by  
8 the treasurer of state does not directly, indirectly, or  
9 contingently obligate the state or a political subdivision of  
10 the state to apply moneys, or to levy or pledge any form of  
11 taxation whatever, to the payment of the bonds. Bonds issued  
12 under section 12.91 are payable solely and only from the  
13 sources and special fund and accounts provided in section  
14 12.92.

15 Sec. 6. NEW SECTION. 12.95 CONSTRUCTION.

16 Sections 12.91 through 12.94, being necessary for the  
17 welfare of this state and its inhabitants, shall be liberally  
18 construed to effect its purposes.

19 Sec. 7. NEW SECTION. 15G.101 PURPOSE.

20 The purpose of this chapter is to identify and assist those  
21 economic and business sectors that have the most potential to  
22 contribute to the long-term growth and development of the  
23 state economy.

24 Sec. 8. NEW SECTION. 15G.102 DEFINITIONS.

25 As used in this chapter, unless the context otherwise  
26 requires:

27 1. "Board" means the Iowa values board established in  
28 section 15G.103.

29 2. "Department" means the Iowa department of economic  
30 development created in section 15.105.

31 3. "Director" means the director of the department of  
32 economic development.

33 4. "Fund" means the Iowa values fund created in section  
34 15G.105.

35 Sec. 9. NEW SECTION. 15G.103 IOWA VALUES BOARD.

1 1. The Iowa values board is established consisting of  
2 seventeen voting members and six ex officio, nonvoting  
3 members. The board shall be located for administrative  
4 purposes within the department and the director shall provide  
5 office space, staff assistance, and necessary supplies and  
6 equipment for the board. The director shall budget funds to  
7 pay the compensation and expenses of the board. In performing  
8 its functions, the board is performing a public function on  
9 behalf of the state and is a public instrumentality of the  
10 state.

11 2. The director and a representative of the Iowa capital  
12 investment board, created in section 15E.63, shall serve as ex  
13 officio members of the board. The legislative ex officio  
14 members of the board are two state senators, one appointed by  
15 the president of the senate, and one appointed by the minority  
16 leader of the senate, from their respective parties; and two  
17 state representatives, one appointed by the speaker and one  
18 appointed by the minority leader of the house of  
19 representatives from their respective parties. The  
20 legislative ex officio members shall have business experience.

21 3. The voting members of the board shall be appointed as  
22 follows:

23 a. One individual from the advanced manufacturing  
24 industry, appointed by the governor.

25 b. One individual from the life science industry,  
26 appointed by the governor.

27 c. One individual from the information technology  
28 industry, appointed by the governor.

29 d. One individual from the investment banking industry,  
30 appointed by the governor.

31 e. One individual from the economic development community  
32 who resides and works in a county with a population ranking in  
33 the lowest one-third of county populations as measured by the  
34 2000 census, appointed by the governor.

35 f. One individual from the economic development community

- 1 who resides and works in a county with a population ranking in  
2 the middle one-third of county populations as measured by the  
3 2000 census, appointed by the governor.
- 4 g. One individual from the economic development community  
5 who resides and works in a county with a population ranking in  
6 the highest one-third of county populations as measured by the  
7 2000 census, appointed by the governor.
- 8 h. One individual from a statewide agricultural  
9 organization, appointed by the governor.
- 10 i. One representative of a labor union, appointed by the  
11 governor.
- 12 j. One representative from a private college or  
13 university, appointed by the governor.
- 14 k. One representative from the community college system,  
15 appointed by the governor.
- 16 l. One individual with demonstrated significant experience  
17 in small business, appointed by the governor.
- 18 m. One representative of the university of Iowa, the  
19 university of northern Iowa, or Iowa state university of  
20 science and technology, designated by the state board of  
21 regents.
- 22 n. Two individuals from private industry appointed by the  
23 house of representatives. One individual shall be appointed  
24 by the speaker of the house of representatives and one  
25 individual shall be appointed by the minority leader in the  
26 house of representatives.
- 27 o. Two individuals from private industry appointed by the  
28 senate. One individual shall be appointed by the president of  
29 the senate and one individual shall be appointed by the  
30 minority leader in the senate.
- 31 4. All appointments shall comply with sections 69.16 and  
32 69.16A. The appointments listed in subsection 3, paragraphs  
33 "a" through "l", shall be subject to confirmation by the  
34 senate. Of the members appointed by the governor, at least  
35 two members shall be members of the Iowa economic development

1 board created in section 15.103. A majority of the voting  
2 members of the board listed in subsection 3, paragraphs "a"  
3 through "l", shall be from the private sector.

4 5. The voting members of the board listed in subsection 3,  
5 paragraphs "a" through "l", shall be residents of different  
6 counties.

7 6. The chairperson and vice chairperson shall be elected  
8 by the voting members of the board from the voting membership  
9 of the board. In the case of the absence or disability of the  
10 chairperson and vice chairperson, the voting members of the  
11 board shall elect a temporary chairperson by a majority vote  
12 of those members who are present and voting provided a quorum  
13 is present.

14 7. The voting members of the board shall annually elect a  
15 five-member executive council of the board consisting of  
16 voting members of the board with at least three of the members  
17 being from private industry. The board shall determine the  
18 duties of the council.

19 8. The members of the board shall be appointed to three-  
20 year staggered terms and the terms shall commence and end as  
21 provided in section 69.19. If a vacancy occurs, a successor  
22 shall be appointed in the same manner and subject to the same  
23 qualifications as the original appointment to serve the  
24 unexpired term.

25 9. A majority of the board constitutes a quorum.

26 10. A voting member of the board shall abstain from voting  
27 on the provision of financial assistance to a project which is  
28 located in the county in which the voting member of the board  
29 resides.

30 Sec. 10. NEW SECTION. 15G.104 BOARD DUTIES.

31 The board shall do all of the following:

32 1. Organize.

33 2. Oversee and administer the Iowa values fund.

34 3. Develop a five-year strategic plan with an annual  
35 operating plan to share with the Iowa economic development

1 board for consideration in the developing of a departmentwide  
2 strategic plan.

3 4. Develop a long-range strategic plan designed to address  
4 economic development-related issues through the year 2020.

5 5. Develop and assist the department in implementing  
6 activities addressing all of the following economic foundation  
7 issues of the economy:

8 a. Skilled and adaptable human resources.

9 b. Access to technologies on which new products and  
10 processes are based.

11 c. Availability of financial capital to support new  
12 ventures, expansion of existing companies, and reinvestment in  
13 transition industries.

14 d. Support of advanced physical infrastructure for  
15 transportation, communications, energy and water, and waste  
16 handling.

17 e. A review of the regulatory and taxation environment and  
18 business climate resulting in recommendations to balance  
19 competitiveness.

20 6. Focus on nondiscriminatory market expansion and foster  
21 a competitive and open environment. The board shall not be a  
22 mechanism to allocate markets, fix prices, or stifle  
23 competition.

24 7. By January 15 of each year, submit a written report to  
25 the general assembly reviewing the activities of the board  
26 during the previous calendar year. The report shall also  
27 include an annual audit of moneys appropriated from the fund  
28 and a statement regarding return on investments. State  
29 agencies and other entities receiving moneys from the fund  
30 shall cooperate with and assist the board in the compilation  
31 of the report.

32 8. Make a determination to discontinue providing moneys to  
33 the entity if an entity receiving moneys from the Iowa values  
34 fund does not meet criteria required by an agreement with the  
35 board.

1 9. Adopt administrative rules pursuant to chapter 17A  
2 necessary to administer this chapter.

3 Sec. 11. NEW SECTION. 15G.105 IOWA VALUES FUND.

4 An Iowa values fund is created and established as a  
5 separate and distinct fund in the state treasury. Moneys in  
6 the fund shall not be subject to appropriation for any other  
7 purposes by the general assembly, other than as provided in  
8 this Act, but shall be used only for the purposes of the Iowa  
9 values fund. The treasurer of state shall act as custodian of  
10 the fund and disburse moneys contained in the fund as directed  
11 by the Iowa values board, including automatic disbursements of  
12 funds received pursuant to the terms of bond indentures and  
13 documents and security provisions to trustees. The fund shall  
14 be administered by the Iowa values board, which shall make  
15 expenditures from the fund consistent with the purposes of  
16 this Act without further appropriation. Payments of interest,  
17 repayments of moneys loaned pursuant to this chapter, and  
18 recaptures of grants or loans shall be deposited in the fund.  
19 Moneys in the fund are not subject to section 8.33.  
20 Notwithstanding section 12C.7, interest or earnings on moneys  
21 in the fund shall be credited to the fund.

22 Sec. 12. DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.

23 1. There is appropriated from the Iowa values fund created  
24 in section 15G.105 to the department of economic development  
25 for the fiscal period beginning July 1, 2003, and ending June  
26 30, 2008, the following amounts, or so much thereof as is  
27 necessary, to be used for the purposes designated:

28 For programs administered by the department of economic  
29 development:

30	FY 2003-2004.....	\$ <u>90,000,000</u>
31	FY 2004-2005.....	\$ <u>70,000,000</u>
32	FY 2005-2006.....	\$ <u>60,000,000</u>
33	FY 2006-2007.....	\$ <u>60,000,000</u>
34	FY 2007-2008.....	\$ <u>50,000,000</u>

35 2. Notwithstanding section 8.33, moneys that remain

1 unexpended at the end of a fiscal year shall not revert to any  
2 fund but shall remain available for expenditure for the  
3 designated purposes during the succeeding fiscal year.

4 3. Each year that moneys are appropriated under this  
5 section, the board shall allocate a percentage of the moneys  
6 for each of the following types of activities:

- 7 a. Business start-ups.
- 8 b. Business expansion.
- 9 c. Business modernization.
- 10 d. Business attraction.
- 11 e. Business retention.
- 12 f. Marketing.

13 4. An applicant for moneys appropriated under this section  
14 shall be required by the department to include in the  
15 application a statement regarding the intended return on  
16 investment. A recipient of moneys appropriated under this  
17 section shall annually submit a statement to the department  
18 regarding the progress achieved on the intended return on  
19 investment stated in the application. The department, in  
20 cooperation with the department of revenue and finance, shall  
21 develop a method of identifying and tracking each new job  
22 created through financial assistance from moneys appropriated  
23 under this section.

24 5. Of the moneys appropriated under this section, at least  
25 \$50,000,000 shall be used for value-added agricultural  
26 purposes as set out in section 15E.111.

27 6. The department may use moneys appropriated under this  
28 section to procure technical assistance from either the public  
29 or private sector, for information technology purposes, and  
30 for rail, air, or river port transportation-related purposes.  
31 The use of moneys appropriated for rail, air, or river port  
32 transportation-related purposes must be directly related to an  
33 economic development project and the moneys must be used to  
34 leverage other financial assistance moneys.

35 7. Of the moneys appropriated under this section, the



1 department may use one-quarter of one percent for  
2 administrative purposes.

3 8. The entities required to approve applications for  
4 financial assistance from moneys appropriated under this  
5 section shall be as follows:

6 a. For financial assistance totaling one million dollars  
7 or less, the department of economic development shall approve,  
8 deny, or defer the application.

9 b. For financial assistance totaling between one million  
10 dollars and three million dollars, the executive council of  
11 the Iowa values board shall approve, deny, or defer the  
12 application.

13 c. For financial assistance totaling three million dollars  
14 or more, the Iowa values board shall approve, deny, or defer  
15 the application.

16 9. Of the moneys appropriated under this section for the  
17 fiscal year beginning July 1, 2003, and ending June 30, 2004,  
18 up to \$10,000,000 is allocated to the tax-exempt bond proceeds  
19 restricted capital funds account of the tobacco settlement  
20 trust fund to replenish moneys appropriated and expended  
21 pursuant to 2003 Iowa Acts, House File 453, if enacted. Of  
22 the moneys appropriated under this section for the fiscal year  
23 beginning July 1, 2004, and ending June 30, 2005, up to  
24 \$10,000,000 is allocated to the rebuild Iowa infrastructure  
25 fund to replenish moneys appropriated and expended pursuant to  
26 2003 Iowa Acts, House File 453, if enacted.

27 **Sec. 13. COMMUNITY ATTRACTION AND TOURISM FUND**  
28 **APPROPRIATION.**

29 1. There is appropriated from the Iowa values fund created  
30 in section 15G.105 to the office of the treasurer of state for  
31 the fiscal period beginning July 1, 2004, and ending June 30,  
32 2007, the following amounts, or so much thereof as is  
33 necessary, to be used for the purpose designated:

34 For deposit in the community attraction and tourism fund  
35 created in section 15F.204:

1 FY 2004-2005..... \$ 15,000,000  
2 FY 2005-2006..... \$ 15,000,000  
3 FY 2006-2007..... \$ 15,000,000

4 2. Notwithstanding section 8.33, moneys that remain  
5 unexpended at the end of a fiscal year shall not revert to any  
6 fund but shall remain available for expenditure for the  
7 designated purposes during the succeeding fiscal year.

8 3. Not more than \$2,500,000 of the moneys appropriated  
9 each fiscal year under this section shall be used for trails  
10 and bicycle facilities located in or connecting to cultural  
11 and entertainment districts certified under section 303.3B.

12 4. When awarding moneys appropriated under this section,  
13 the vision Iowa board shall give the consideration in section  
14 15F.203, subsection 3, paragraph "c", priority over the other  
15 listed considerations listed in section 15F.203, subsection 3.

16 Sec. 14. IOWA CULTURAL TRUST FUND APPROPRIATION.

17 1. There is appropriated from the Iowa values fund created  
18 in section 15G.105 to the office of the treasurer of state,  
19 for the fiscal year beginning July 1, 2003, and ending June  
20 30, 2004, the following amount, or so much thereof as is  
21 necessary, to be used for the purpose designated:

22 For deposit in the Iowa cultural trust fund created in  
23 section 303A.4:

24 ..... \$ 5,000,000

25 2. Notwithstanding section 8.33, moneys that remain  
26 unexpended at the end of a fiscal year shall not revert to any  
27 fund but shall remain available for expenditure for the  
28 designated purposes during the succeeding fiscal year.

29 Sec. 15. SECURE AN ADVANCED VISION FOR EDUCATION FUND  
30 APPROPRIATION.

31 1. There is appropriated from the Iowa values fund created  
32 in section 15G.105 to the department of revenue and finance,  
33 for the fiscal year beginning July 1, 2003, and ending June  
34 30, 2004, the following amount, or so much thereof as is  
35 necessary, to be used for the purpose designated:

1 For deposit in the secure an advanced vision for education  
2 fund created in section 422E.3A, if enacted by 2003 Iowa Acts,  
3 Senate File 445:

4 ..... \$250,000,000

5 2. Notwithstanding section 8.33, moneys that remain  
6 unexpended at the end of a fiscal year shall not revert to any  
7 fund but shall remain available for expenditure for the  
8 designated purposes during the succeeding fiscal year.

9 Sec. 16. UNIVERSITY AND COLLEGE FINANCIAL ASSISTANCE  
10 APPROPRIATION.

11 1. There is appropriated from the Iowa values fund created  
12 in section 15G.105 to the Iowa values board for the fiscal  
13 year beginning July 1, 2003, and ending June 30, 2004, the  
14 following amounts, or so much thereof as is necessary, to be  
15 used for the purpose designated:

16 For financial assistance for institutions of higher  
17 learning under the control of the state board of regents and  
18 for accredited private institutions as defined in section  
19 261.9 for accelerating new business creation, a national  
20 center for food safety and security, innovation accelerators  
21 and business parks, incubator facilities, transgenic animal  
22 facilities, transgenic plant facilities, protein extraction  
23 facilities, containment facilities, and bioanalytical,  
24 biochemical, chemical, and microbiological support facilities:  
25 ..... \$ 50,000,000

26 2. Notwithstanding section 8.33, moneys that remain  
27 unexpended at the end of a fiscal year shall not revert to any  
28 fund but shall remain available for expenditure for the  
29 designated purposes during the succeeding fiscal year.

30 3. In the distribution of moneys appropriated pursuant to  
31 this section, the Iowa values board shall examine the  
32 potential for using moneys appropriated pursuant to this  
33 section to leverage other moneys for financial assistance to  
34 accredited private institutions.

35 4. Of the moneys appropriated under this section and

1 provided applications are submitted meeting the requirements  
2 of the Iowa values board, not less than \$10,000,000 in  
3 financial assistance shall be awarded to the university of  
4 Iowa, not less than \$10,000,000 in financial assistance shall  
5 be awarded to Iowa state university of science and technology,  
6 and not less than \$5,000,000 in financial assistance shall be  
7 awarded to the university of northern Iowa.

8 Sec. 17. REHABILITATION PROJECT TAX CREDITS APPROPRIATION.

9 1. There is appropriated from the Iowa values fund created  
10 in section 15G.105 to the general fund of the state, for the  
11 fiscal period beginning July 1, 2003, and ending June 30,  
12 2005, the following amounts, or so much thereof as is  
13 necessary, to be used for the purpose designated:

14 For payment of tax credits approved pursuant to section  
15 404A.4 for projects located in certified cultural and  
16 entertainment districts:

17	FY 2003-2004.....	\$ 2,000,000
18	FY 2004-2005.....	\$ 2,000,000

19 2. Notwithstanding section 8.33, moneys that remain  
20 unexpended at the end of a fiscal year shall not revert to any  
21 fund but shall remain available for expenditure for the  
22 designated purposes during the succeeding fiscal year.

23 Sec. 18. ENDOW IOWA TAX CREDITS.

24 1. There is appropriated from the Iowa values fund created  
25 in section 15G.105 to the general fund of the state, for the  
26 fiscal year beginning July 1, 2003, and ending June 30, 2004,  
27 the following amount, or so much thereof as is necessary, to  
28 be used for the purpose designated:

29 For payment of endow Iowa tax credits authorized pursuant  
30 to section 15E.225:

31	.....	\$ 2,000,000
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32 2. Notwithstanding section 8.33, moneys that remain  
33 unexpended at the end of a fiscal year shall not revert to any  
34 fund but shall remain available for expenditure for the  
35 designated purposes during the succeeding fiscal year.

\*1 Sec. 19. ENDOW IOWA GRANTS APPROPRIATION.

2 1. There is appropriated from the Iowa values fund created  
3 in section 15G.105 to the department of economic development  
4 for the fiscal year beginning July 1, 2003, and ending June  
5 30, 2004, the following amount, or so much thereof as is  
6 necessary, to be used for the purpose designated:

\*7 For endow Iowa grants to lead philanthropic entities  
8 pursuant to section 15E.224:

9 ..... \$2,000,000

10 2. Notwithstanding section 8.33, moneys that remain  
11 unexpended at the end of a fiscal year shall not revert to any  
12 fund but shall remain available for expenditure for the  
13 designated purposes during the succeeding fiscal year.

14 Sec. 20. STATE PARKS AND DESTINATION PARKS APPROPRIATION.

15 1. There is appropriated from the Iowa values fund created  
16 in section 15G.105 to the Iowa values board for the fiscal  
17 year beginning July 1, 2003, and ending June 30, 2004, the  
18 following amount, or so much thereof as is necessary, to be  
19 used for the purpose designated:

20 For the purpose of providing financial assistance for  
21 projects in targeted state parks and destination parks:  
22 FY 2003-2004..... \$ 7,000,000

23 2. Notwithstanding section 8.33, moneys that remain  
24 unexpended at the end of a fiscal year shall not revert to any  
25 fund but shall remain available for expenditure for the  
26 designated purposes during the succeeding fiscal year.

27 3. The department of natural resources, in cooperation  
28 with the department of economic development, shall submit a  
29 plan to the Iowa values board for the expenditure of moneys  
30 appropriated under this section. The plan shall focus on  
31 improving state parks and destination parks for economic  
32 development purposes. Based on the report submitted, the Iowa  
33 values board shall provide financial assistance to the  
34 department of natural resources for support of state parks and  
35 destination parks.

1     Sec. 21.   ECONOMIC DEVELOPMENT REGION FINANCIAL ASSISTANCE  
2   APPROPRIATION.

3     1.   There is appropriated from the Iowa values fund created  
4   in section 15G.105 to the department of economic development  
5   for the fiscal year beginning July 1, 2003, and ending June  
6   30, 2004, the following amount, or so much thereof as is  
7   necessary, to be used for the purpose designated:

8     For providing financial assistance under section 15E.232,  
9   subsections 3, 4, 5, and 6 and under section 15E.233:

10   ..... \$ 20,000,000

11     2.   Notwithstanding section 8.33, moneys that remain  
12   unexpended at the end of a fiscal year shall not revert to any  
13   fund but shall remain available for expenditure for the  
14   designated purposes during the succeeding fiscal year.

15     3.   The entities required to approve applications for  
16   financial assistance from moneys appropriated under this  
17   section shall be as follows:

18     a.   For projects totaling one million dollars or less, the  
19   department of economic development shall approve, deny, or  
20   defer the application.

21     b.   For projects totaling between one million dollars and  
22   three million dollars, the executive council of the Iowa  
23   values board shall approve, deny, or defer the application.

24     c.   For projects totaling three million dollars or more,  
25   the Iowa values board shall approve, deny, or defer the  
26   application.

27     Sec. 22.   ECONOMIC DEVELOPMENT REGION REVOLVING FUND  
28   CONTRIBUTION TAX CREDITS APPROPRIATION.

29     1.   There is appropriated from the Iowa values fund created  
30   in section 15G.105 to the general fund of the state, for the  
31   fiscal period beginning July 1, 2003, and ending June 30,  
32   2008, the following amounts, or so much thereof as is  
33   necessary, to be used for the purpose designated:

34     For payment of tax credits and payments to contributors  
35   approved pursuant to section 15E.232 approved pursuant to

1 section 15E.232:

2	FY 2003-2004.....	\$	4,000,000
3	FY 2004-2005.....	\$	4,000,000
4	FY 2005-2006.....	\$	4,000,000
5	FY 2006-2007.....	\$	4,000,000
6	FY 2007-2008.....	\$	4,000,000

7 2. Notwithstanding section 8.33, moneys that remain  
8 unexpended at the end of a fiscal year shall not revert to any  
9 fund but shall remain available for expenditure for the  
10 designated purposes during the succeeding fiscal year.

11 3. Any moneys appropriated under this section that remain  
12 unobligated on June 30, 2008, shall be used for providing  
13 financial assistance under section 15E.232, subsections 3, 4,  
14 5, and 6, for the fiscal year beginning July 1, 2008.

15 DIVISION II

16 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES

17 FINANCIAL ASSISTANCE PROGRAM

18 Sec. 23. Section 15E.111, subsection 1, Code 2003, is  
19 amended to read as follows:

20 1. a. The department shall establish a value-added  
21 agricultural products and processes financial assistance  
22 program. The department shall consult with the-Iowa-corn  
23 growers-association-and-the-Iowa-soybean-association Iowa  
24 commodity groups. The purpose of the program is to encourage  
25 the increased utilization of agricultural commodities produced  
26 in this state. The program shall assist in efforts to  
27 revitalize rural regions of this state, by committing  
28 resources to provide financial assistance to new or existing  
29 value-added production facilities. The department of economic  
30 development may consult with other state agencies regarding  
31 any possible future environmental, health, or safety issues  
32 linked to technology related to the biotechnology industry.  
33 In awarding financial assistance, the department shall prefer  
34 producer-owned, value-added businesses and commit resources to  
35 assist the following:

1     a- (1) Facilities which are involved in the development of  
2 new innovative products and processes related to agriculture.  
3 The facility must do either of the following: produce a good  
4 derived from an agricultural commodity, if the good is not  
5 commonly produced from an agricultural commodity; or use a  
6 process to produce a good derived from an agricultural  
7 process, if the process is not commonly used to produce the  
8 good.

9     b- (2) Renewable fuel production facilities. As used in  
10 this section, "renewable fuel" means an energy source which is  
11 derived from an organic compound capable of powering  
12 machinery, including an engine or power plant.

13     (3) Agricultural business facilities in the agricultural  
14 biotechnology industry, agricultural biomass industry, and  
15 alternative energy industry. For purposes of this subsection:

16     (a) "Agricultural biomass industry" means businesses that  
17 utilize agricultural commodity crops, agricultural by-  
18 products, or animal feedstock in the production of chemicals,  
19 protein products, or other high-value products.

20     (b) "Agricultural biotechnology industry" means businesses  
21 that utilize scientifically enhanced plants or animals that  
22 can be raised by producers and used in the production of high-  
23 value products.

24     (c) "Alternative energy industry" includes businesses  
25 involved in the production of ethanol, biodiesel, biomass, or  
26 in the production of wind energy.

27     (4) Facilities that add value to Iowa agricultural  
28 commodities through further processing and development of  
29 organic products and emerging markets.

30     (5) Producer-owned, value-added businesses, education of  
31 producers and management boards in value-added businesses, and  
32 other activities that would support the infrastructure in the  
33 development of value-added agriculture. For purposes of this  
34 subsection, "producer-owned, valued-added business" means a  
35 person who holds an equity interest in the agricultural



1 business and is personally involved in the production of crops  
 2 or livestock on a regular, continuous, and substantial basis.

3 b. Financial assistance awarded under this section may be  
 4 in the form of a loan, loan guarantee, grant, production  
 5 incentive payment, or a combination of financial assistance.  
 6 The department shall not award more than twenty-five percent  
 7 of the amount allocated to the value-added agricultural  
 8 products and processes financial assistance fund during any  
 9 fiscal year to support a single person. The department may  
 10 finance any size of facility. However, the department shall  
 11 may reserve up to fifty percent of the total amount allocated  
 12 to the fund, for purposes of assisting persons requiring one  
 13 five hundred thousand dollars or less in financial assistance.  
 14 The amount shall be reserved until the end of the third  
 15 quarter of the fiscal year. The department shall not provide  
 16 financial assistance to support a value-added production  
 17 facility if the facility or a person owning a controlling  
 18 interest in the facility has demonstrated a continuous and  
 19 flagrant disregard for the health and safety of its employees  
 20 or the quality of the environment. Evidence of such disregard  
 21 shall include a history of serious or uncorrected violations  
 22 of state or federal law protecting occupational health and  
 23 safety or the environment, including but not limited to  
 24 serious or uncorrected violations of occupational safety and  
 25 health standards enforced by the division of labor services of  
 26 the department of workforce development pursuant to chapter  
 27 84A, or rules enforced by the department of natural resources  
 28 pursuant to chapter 455B or 459, subchapters II and III.

29 DIVISION III

30 \* ENDOW IOWA GRANTS AND TAX CREDITS

31 Sec. 24. NEW SECTION. 15E.221 SHORT TITLE.

32 This division shall be known as and may be cited as the  
 33 "Endow Iowa Program Act".

34 Sec. 25. NEW SECTION. 15E.222 PURPOSE.

35 The purpose of this division is to enhance the quality of

1 life for citizens of this state through increased  
2 philanthropic activity by providing capital to new and  
3 existing citizen groups of this state organized to establish  
4 endowment funds that will address community needs. The  
5 purpose of this division is also to encourage individuals,  
6 businesses, and organizations to invest in community  
7 foundations.

8 Sec. 26. NEW SECTION. 15E.223 DEFINITIONS.

9 As used in this division, unless the context otherwise  
10 requires:

11 1. "Board" means the governing board of the lead  
12 philanthropic entity identified by the department pursuant to  
13 section 15E.224.

14 2. "Business" means a business operating within the state  
15 and includes individuals operating a sole proprietorship or  
16 having rental, royalty, or farm income in this state and  
17 includes a consortium of businesses.

18 3. "Community affiliate organization" means a group of  
19 five or more community leaders or advocates organized for the  
20 purpose of increasing philanthropic activity in an identified  
21 community or geographic area in this state with the intention  
22 of establishing a community affiliate endowment fund.

23 4. "Endowment gift" means an irrevocable contribution to a  
24 permanent endowment held by a qualified community foundation.

25 5. "Lead philanthropic entity" means the entity identified  
26 by the department pursuant to section 15E.224.

27 6. "Qualified community foundation" means a community  
28 foundation organized or operating in this state that meets or  
29 exceeds the national standards established by the national  
30 council on foundations.

\*31 Sec. 27. NEW SECTION. 15E.224 ENDOW IOWA GRANTS.

32 1. The department shall identify a lead philanthropic  
33 entity for purposes of encouraging the development of  
34 qualified community foundations in this state. A lead  
35 philanthropic entity shall meet all of the following

## 1 qualifications:

2 a. The entity shall be a nonprofit entity which is exempt  
3 from federal income taxation pursuant to section 501(c)(3) of  
4 the Internal Revenue Code.

5 b. The entity shall be a statewide organization with  
6 membership consisting of organizations, such as community,  
7 corporate, and private foundations, whose principal function  
8 is the making of grants within the state of Iowa.

9 c. The entity shall have a minimum of forty members and  
10 that membership shall include qualified community foundations.

11 2. A lead philanthropic entity may receive a grant from  
12 the department. The board shall use the grant moneys to award  
13 endow Iowa grants to new and existing qualified community  
14 foundations and to community affiliate organizations that do  
15 all of the following:

16 a. Provide the board with all information required by the  
17 board.

18 b. Demonstrate a dollar-for-dollar funding match in a form  
19 approved by the board.

20 c. Identify a qualified community foundation to hold all  
21 funds. A qualified community foundation shall not be required  
22 to meet this requirement.

23 d. Provide a plan to the board demonstrating the method  
24 for distributing grant moneys received from the board to  
25 organizations within the community or geographic area as  
26 defined by the qualified community foundation or the community  
27 affiliate organization.

28 3. Endow Iowa grants awarded to new and existing qualified  
29 community foundations and to community affiliate organizations  
30 shall not exceed twenty-five thousand dollars per foundation  
31 or organization unless a foundation or organization  
32 demonstrates a multiple county or regional approach. Endow

\* 33 Iowa grants may be awarded on an annual basis with not more  
34 than three grants going to one county in a fiscal year.

35 4. In ranking applications for grants, the board shall

1 consider a variety of factors including the following:

2 a. The demonstrated need for financial assistance.

3 b. The potential for future philanthropic activity in the  
4 area represented by or being considered for assistance.

5 c. The proportion of the funding match being provided.

6 d. For community affiliate organizations, the demonstrated  
7 need for the creation of a community affiliate endowment fund  
8 in the applicant's geographic area.

9 e. The identification of community needs and the manner in  
10 which additional funding will address those needs.

11 f. The geographic diversity of awards.

12 5. Of any moneys received by a lead philanthropic entity  
13 from the state, not more than five percent of such moneys  
14 shall be used by the entity for administrative purposes.

15 Sec. 28. NEW SECTION. 15E.225 ENDOW IOWA TAX CREDIT.

16 1. For tax years beginning on or after January 1, 2003, a  
17 tax credit shall be allowed against the taxes imposed in  
18 chapter 422, divisions II, III, and V, and in chapter 432, and  
19 against the moneys and credits tax imposed in section 533.24  
20 equal to twenty percent of a taxpayer's endowment gift to a  
21 qualified community foundation. An individual may claim a tax  
22 credit under this section of a partnership, limited liability  
23 company, S corporation, estate, or trust electing to have  
24 income taxed directly to the individual. The amount claimed  
25 by the individual shall be based upon the pro rata share of  
26 the individual's earnings from the partnership, limited  
27 liability company, S corporation, estate, or trust. A tax  
28 credit shall be allowed only for an endowment gift made to a  
29 qualified community foundation for a permanent endowment fund  
30 established to benefit a charitable cause in this state. Any  
31 tax credit in excess of the taxpayer's tax liability for the  
32 tax year may be credited to the tax liability for the  
33 following five years or until depleted, whichever occurs  
34 first. A tax credit shall not be carried back to a tax year  
35 prior to the tax year in which the taxpayer claims the tax

1 credit.

2 2. The aggregate amount of tax credits authorized pursuant  
3 to this section shall not exceed a total of two million  
4 dollars. The maximum amount of tax credits granted to a  
5 taxpayer shall not exceed five percent of the aggregate amount  
6 of tax credits authorized.

7 3. A tax credit shall not be transferable to any other  
8 taxpayer.

9 4. A tax credit shall not be authorized pursuant to this  
10 section after December 31, 2005.

11 5. The department shall develop a system for registration  
12 and authorization of tax credits under this section and shall  
13 control the distribution of all tax credits to taxpayers  
14 providing an endowment gift subject to this section. The  
15 department shall adopt administrative rules pursuant to  
16 chapter 17A for the qualification and administration of  
17 endowment gifts.

18 Sec. 29. NEW SECTION. 15E.226 REPORTS -- AUDITS.

19 By January 31 of each year, the lead philanthropic entity,  
20 in cooperation with the department, shall publish an annual  
21 report of the activities conducted pursuant to this division  
22 during the previous calendar year and shall submit the report  
23 to the governor and the general assembly. The annual report  
24 shall include a listing of endowment funds and the amount of  
25 tax credits authorized by the department.

26 Sec. 30. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.

27 The tax imposed under this division, less the credits  
28 allowed under sections 422.12 and 422.12B, shall be reduced by  
29 an endow Iowa tax credit authorized pursuant to section  
30 15E.225.

31 Sec. 31. Section 422.33, Code 2003, is amended by adding  
32 the following new subsection:

33 NEW SUBSECTION. 14. The taxes imposed under this division  
34 shall be reduced by an endow Iowa tax credit authorized  
35 pursuant to section 15E.225.

1 Sec. 32. Section 422.60, Code 2003, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 7. The taxes imposed under this division  
4 shall be reduced by an endow Iowa tax credit authorized  
5 pursuant to section 15E.225.

6 Sec. 33. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.  
7 The tax imposed under this chapter shall be reduced by an  
8 endow Iowa tax credit authorized pursuant to section 15E.225.

9 Sec. 34. Section 533.24, Code 2003, is amended by adding  
10 the following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax  
12 imposed under this section shall be reduced by an endow Iowa  
13 tax credit authorized pursuant to section 15E.225.

14 Sec. 35. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
15 This division of this Act, being deemed of immediate  
16 importance, takes effect upon enactment and is retroactively  
17 applicable to January 1, 2003, for tax years beginning on or  
18 after that date.

19 DIVISION IV

20 ECONOMIC DEVELOPMENT REGIONS

21 Sec. 36. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT  
22 REGIONS.

23 1. In order for an economic development region to receive  
24 moneys from the Iowa values fund created in section 15G.105,  
25 the organization of an economic development region must be  
26 approved by the Iowa values board established in section  
27 15G.103. The board shall approve an economic development  
28 region that meets the following criteria:

29 a. The region consists of not less than three contiguous  
30 counties. Upon the recommendation of the director of the  
31 department of economic development, this paragraph may be  
32 waived by the board.

33 b. The region establishes a single, focused economic  
34 development effort, approved by the board, that shall include  
35 the development of a regional development plan and regional

1 credit.

2 2. The aggregate amount of tax credits authorized pursuant  
3 to this section shall not exceed a total of two million  
4 dollars. The maximum amount of tax credits granted to a  
5 taxpayer shall not exceed five percent of the aggregate amount  
6 of tax credits authorized.

7 3. A tax credit shall not be transferable to any other  
8 taxpayer.

9 4. A tax credit shall not be authorized pursuant to this  
10 section after December 31, 2005.

11 5. The department shall develop a system for registration  
12 and authorization of tax credits under this section and shall  
13 control the distribution of all tax credits to taxpayers  
14 providing an endowment gift subject to this section. The  
15 department shall adopt administrative rules pursuant to  
16 chapter 17A for the qualification and administration of  
17 endowment gifts.

18 Sec. 29. NEW SECTION. 15E.226 REPORTS -- AUDITS.

19 By January 31 of each year, the lead philanthropic entity,  
20 in cooperation with the department, shall publish an annual  
21 report of the activities conducted pursuant to this division  
22 during the previous calendar year and shall submit the report  
23 to the governor and the general assembly. The annual report  
24 shall include a listing of endowment funds and the amount of  
25 tax credits authorized by the department.

26 Sec. 30. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.

27 The tax imposed under this division, less the credits  
28 allowed under sections 422.12 and 422.12B, shall be reduced by  
29 an endow Iowa tax credit authorized pursuant to section  
30 15E.225.

31 Sec. 31. Section 422.33, Code 2003, is amended by adding  
32 the following new subsection:

33 NEW SUBSECTION. 14. The taxes imposed under this division  
34 shall be reduced by an endow Iowa tax credit authorized  
35 pursuant to section 15E.225.

1 Sec. 32. Section 422.60, Code 2003, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 7. The taxes imposed under this division  
4 shall be reduced by an endow Iowa tax credit authorized  
5 pursuant to section 15E.225.

6 Sec. 33. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.  
7 The tax imposed under this chapter shall be reduced by an  
8 endow Iowa tax credit authorized pursuant to section 15E.225.

9 Sec. 34. Section 533.24, Code 2003, is amended by adding  
10 the following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax  
12 imposed under this section shall be reduced by an endow Iowa  
13 tax credit authorized pursuant to section 15E.225.

14 Sec. 35. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
15 This division of this Act, being deemed of immediate  
16 importance, takes effect upon enactment and is retroactively  
17 applicable to January 1, 2003, for tax years beginning on or  
18 after that date.

19 DIVISION IV

20 ECONOMIC DEVELOPMENT REGIONS

21 Sec. 36. NEW SECTION. 15E.231 ECONOMIC DEVELOPMENT  
22 REGIONS.

23 1. In order for an economic development region to receive  
24 moneys from the Iowa values fund created in section 15G.105,  
25 the organization of an economic development region must be  
26 approved by the Iowa values board established in section  
27 15G.103. The board shall approve an economic development  
28 region that meets the following criteria:

29 a. The region consists of not less than three contiguous  
30 counties. Upon the recommendation of the director of the  
31 department of economic development, this paragraph may be  
32 waived by the board.

33 b. The region establishes a single, focused economic  
34 development effort, approved by the board, that shall include  
35 the development of a regional development plan and regional



1 marketing strategies. Regional marketing strategies must be  
2 focused on marketing the region collectively.

3 2. An approved economic development region may create an  
4 economic development region revolving fund as provided in  
5 section 15E.232.

6 Sec. 37. NEW SECTION. 15E.232 ECONOMIC DEVELOPMENT  
7 REGION REVOLVING FUNDS -- TAX CREDITS.

8 1. An economic development region approved pursuant to  
9 section 15E.231 may create an economic development region  
10 revolving fund.

11 2. a. A nongovernmental entity making a contribution to  
12 an economic development region revolving fund at any time  
13 prior to July 1, 2008, except those described in paragraph  
14 "b", may claim a tax credit equal to twenty percent of the  
15 amount contributed to the revolving fund. The tax credit  
16 shall be allowed against taxes imposed in chapter 422,  
17 divisions II, III, and V, and in chapter 432, and against the  
18 moneys and credits tax imposed in section 533.24. An  
19 individual may claim under this subsection the tax credit of a  
20 partnership, limited liability company, S corporation, estate,  
21 or trust electing to have income taxed directly to the  
22 individual. The amount claimed by the individual shall be  
23 based upon the pro rata share of the individual's earnings  
24 from the partnership, limited liability company, S  
25 corporation, estate, or trust. Any tax credit in excess of  
26 the taxpayer's liability for the tax year may be credited to  
27 the tax liability for the following seven years or until  
28 depleted, whichever occurs first. A tax credit shall not be  
29 carried back to a tax year prior to the tax year in which the  
30 taxpayer redeems the tax credit. A tax credit under this  
31 section is not transferable.

32 b. Subject to the provisions of paragraph "c", an  
33 organization exempt from federal income tax pursuant to  
34 section 501(c) of the Internal Revenue Code making a  
35 contribution to an economic development region revolving fund

1 at any time prior to July 1, 2008, shall be paid from the  
2 general fund of the state an amount equal to twenty percent of  
3 such contributed amount within thirty days after the end of  
4 the fiscal year during which the contribution was made.

5 c. The aggregate amount of tax credits and payments to  
6 contributors, referred to as the credit amount, authorized  
7 pursuant to this subsection shall not total more than twenty  
8 million dollars. The total credit amount authorized during a  
9 fiscal year shall not exceed four million dollars plus any  
10 unused credit amount carried over from previous years. Any  
11 credit amount which remains unused for a fiscal year may be  
12 carried forward to the succeeding fiscal year. The maximum  
13 credit amount that may be authorized in a fiscal year for  
14 contributions made to a specific economic development region  
15 revolving fund is equal to four million dollars plus any  
16 unused credit amount carried over from previous years divided  
17 by the number of economic development region revolving funds  
18 existing in the state.

19 d. The department of economic development shall administer  
20 the authorization of tax credits under this section and  
21 payments to contributors described in paragraph "b" and shall,  
22 in cooperation with the department of revenue and finance,  
23 adopt rules pursuant to chapter 17A necessary for the  
24 administration of this section.

25 3. An approved economic development region may apply for  
26 financial assistance from the Iowa values fund to assist with  
27 physical infrastructure needs related to a specific business  
28 partner. In order to receive financial assistance pursuant to  
29 this subsection, the economic development region must  
30 demonstrate all of the following:

31 a. The ability to provide matching moneys on a one to one  
32 basis.

33 b. The commitment of the specific business partner.

34 c. That all other funding alternatives have been  
35 exhausted.

1 4. An approved economic development region may apply for  
2 financial assistance from the Iowa values fund to assist an  
3 existing business located in the economic development region  
4 impacted by business consolidation actions. Business  
5 consolidation actions include a substantial or total closure  
6 of an existing business due to consolidating the existing  
7 business out of state. In order to receive financial  
8 assistance pursuant to this subsection, the economic  
9 development region must demonstrate the ability to provide  
10 matching moneys on a one-to-one basis.

11 5. An approved economic development region may apply for  
12 financial assistance to implement economic development  
13 initiatives unique to the region. In order to receive  
14 financial assistance pursuant to this subsection, the economic  
15 development region must demonstrate the ability to provide  
16 matching moneys on a one-to-one basis.

17 6. An approved economic development region may apply for  
18 financial assistance to implement innovative initiatives that  
19 do not qualify for assistance under subsection 5.

20 7. The board may establish and administer a regional  
21 economic development revenue sharing pilot project for one or  
22 more regions. The board shall take into consideration the  
23 geographical disbursement of the pilot projects. The  
24 department of economic development shall provide technical  
25 assistance to the regions participating in a pilot project.

26 8. Financial assistance under subsections 3, 4, 5, and 6  
27 and section 15E.233 shall be limited to a total of thirty  
28 million dollars.

29 Sec. 38. NEW SECTION. 15E.233 ECONOMICALLY ISOLATED  
30 AREAS.

31 1. An approved economic development region may apply to  
32 the Iowa values board for approval to be designated as an  
33 economically isolated area based on criteria as determined by  
34 the board. An economically isolated area must consist of at  
35 least one county meeting the county distress criteria provided

1 in section 15E.194. The board shall approve no more than five  
2 regions as economically isolated areas.

3 2. An approved economically isolated area may apply to the  
4 department of economic development for financial assistance of  
5 up to seven hundred fifty thousand dollars over a five-year  
6 period for purposes of economic development-related marketing  
7 assistance for the area. In order to receive financial  
8 assistance pursuant to this subsection, the economically  
9 isolated area must demonstrate the ability to provide matching  
10 moneys on a one-to-one basis.

11 Sec. 39. NEW SECTION. 422.11I ECONOMIC DEVELOPMENT  
12 REGION REVOLVING FUND TAX CREDIT.

13 The taxes imposed under this division, less the credits  
14 allowed under sections 422.12 and 422.12B, shall be reduced by  
15 an economic development region revolving fund contribution tax  
16 credit authorized pursuant to section 15E.232.

17 Sec. 40. Section 422.33, Code 2003, is amended by adding  
18 the following new subsection:

19 NEW SUBSECTION. 15. The taxes imposed under this division  
20 shall be reduced by an economic development region revolving  
21 fund contribution tax credit authorized pursuant to section  
22 15E.232.

23 Sec. 41. Section 422.60, Code 2003, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. 8. The taxes imposed under this division  
26 shall be reduced by an economic development region revolving  
27 fund contribution tax credit authorized pursuant to section  
28 15E.232.

29 Sec. 42. NEW SECTION. 432.12E ECONOMIC DEVELOPMENT  
30 REGION REVOLVING FUND CONTRIBUTION TAX CREDITS.

31 The tax imposed under this chapter shall be reduced by an  
32 economic development region tax credit authorized pursuant to  
33 section 15E.232.

34 Sec. 43. Section 533.24, Code 2003, is amended by adding  
35 the following new unnumbered paragraph after unnumbered

1 paragraph 4:

2 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax  
3 imposed under this section shall be reduced by an economic  
4 development region revolving fund contribution tax credit  
5 authorized pursuant to section 15E.232.

6 DIVISION V

7 WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS

8 Sec. 44. NEW SECTION. 260C.18A WORKFORCE TRAINING AND  
9 ECONOMIC DEVELOPMENT FUNDS.

10 1. a. A workforce training and economic development fund  
11 is created for each community college. Moneys shall be  
12 deposited and expended from a fund as provided under this  
13 section.

14 b. Moneys in the funds shall consist of any moneys  
15 appropriated by the general assembly and any other moneys  
16 available to and obtained or accepted by the department of  
17 economic development from federal sources or private sources  
18 for placement in the funds. Notwithstanding section 8.33,  
19 moneys in the funds at the end of each fiscal year shall not  
20 revert to any other fund but shall remain in the funds for  
21 expenditure in subsequent fiscal years.

22 2. On July 1 of each year for the fiscal year beginning  
23 July 1, 2003, and for every fiscal year thereafter, moneys  
24 from the Iowa values fund created in section 15G.105 are  
25 appropriated to the department of economic development for  
26 deposit in the workforce training and economic development  
27 funds in amounts determined pursuant to subsection 3. Moneys  
28 deposited in the funds and disbursed to community colleges for  
29 a fiscal year shall be expended for the following purposes,  
30 provided seventy percent of the moneys shall be used on  
31 projects in the areas of advanced manufacturing, information  
32 technology and insurance, and life sciences which include the  
33 areas of biotechnology, health care technology, and nursing  
34 care technology:

35 a. Projects in which an agreement between a community

1 college and an employer located within the community college's  
2 merged area meet all of the requirements of the accelerated  
3 career education program under chapter 260G. Notwithstanding  
4 section 260G.4B, projects funded with moneys from workforce  
5 training and economic development funds shall be approved by  
6 the Iowa values board established in section 15G.103.

7 b. Projects in which an agreement between a community  
8 college and a business meet all the requirements of the Iowa  
9 jobs training Act under chapter 260F. However, when moneys  
10 are provided through the Iowa values fund for such projects,  
11 sections 260F.6, subsections 1 and 2, and section 260F.8 shall  
12 not apply and projects shall be approved by the Iowa values  
13 board.

14 c. For the development and implementation of career  
15 academies designed to provide new career preparation  
16 opportunities for high school students that are formally  
17 linked with postsecondary career and technical education  
18 programs. Moneys from workforce training and economic  
19 development funds that are expended for purposes of this  
20 paragraph shall be approved by the Iowa values board  
21 established in section 15G.103. For purposes of this section,  
22 "career academy" means a program of study that combines a  
23 minimum of two years of secondary education with an associate  
24 degree, or the equivalent, career preparatory program in a  
25 nonduplicative, sequential course of study that is standards  
26 based, integrates academic and technical instruction, utilizes  
27 work-based and worksite learning where appropriate and  
28 available, utilizes an individual career planning process with  
29 parent involvement, and leads to an associate degree or  
30 postsecondary diploma or certificate in a career field that  
31 prepares an individual for entry and advancement in a high-  
32 skill and reward career field and further education. The  
33 department of economic development, in conjunction with the  
34 state board of education and the division of community  
35 colleges and workforce preparation of the department of

1 education, shall adopt administrative rules for the  
2 development and implementation of such career academies  
3 pursuant to section 256.11, subsection 5, paragraph "h",  
4 section 260C.1, and Title II of Pub. L. No. 105-332, Carl D.  
5 Perkins Vocational and Technical Education Act of 1998.

6 d. Programs and courses that provide vocational and  
7 technical training, and programs for in-service training and  
8 retraining under section 260C.1, subsections 2 and 3.

9 3. The maximum cumulative total amount of moneys that may  
10 be deposited in all the workforce training and economic  
11 development funds for distribution to community colleges in a  
12 fiscal year shall be determined as follows:

13 a. Five million dollars for the fiscal year beginning July  
14 1, 2003.

15 b. Ten million dollars for the fiscal year beginning July  
16 1, 2004.

17 c. Fifteen million dollars for the fiscal year beginning  
18 July 1, 2005.

19 d. Twenty million dollars for the fiscal year beginning  
20 July 1, 2006.

21 e. Twenty-five million dollars for the fiscal year  
22 beginning July 1, 2007.

23 f. For the fiscal year beginning July 1, 2008, and each  
24 succeeding fiscal year, the Iowa values board shall make a  
25 determination if sufficient moneys exist in the Iowa values  
26 fund to distribute to community colleges.

\* 27 Sec. 45. Section 260G.3, subsection 2, Code 2003, is  
28 amended to read as follows:

29 2. An agreement may include reasonable and necessary  
30 provisions to implement the accelerated career education  
31 program. If an agreement that utilizes program job credits is  
32 entered into, the community college and the employer shall  
33 notify the department of revenue and finance as soon as  
34 possible. The community college shall also file a copy of the  
35 agreement with the department of economic development as

1 required in section 260G.4B. The agreement shall provide for  
2 program costs, including deferred costs, which may be paid  
3 from any of the following sources:

4 a. Program job credits which the employer receives based  
5 on the number of program job positions agreed to by the  
6 employer to be available under the agreement.

7 b. Cash or in-kind contributions by the employer toward  
8 the program cost. At a minimum, the employer contribution  
9 shall be twenty percent of the program costs.

10 c. Tuition, student fees, or special charges fixed by the  
11 board of directors to defray program costs.

12 d. Guarantee by the employer of payments to be received  
13 under paragraphs "a" and "b".

14 e. Moneys from a workforce training and economic  
15 development fund created in section 260C.18A, based on the  
16 number of program job positions agreed to by the employer to  
17 be available under the agreement, the amount of which shall be  
18 calculated in the same manner as the program job credits  
19 provided for in section 260G.4A.



DIVISION VI

CULTURAL AND ENTERTAINMENT DISTRICTS --

REHABILITATION PROJECT TAX CREDITS

23 Sec. 46. NEW SECTION. 303.3B CULTURAL AND ENTERTAINMENT  
24 DISTRICTS.

25 1. The department of cultural affairs shall establish and  
26 administer a cultural and entertainment district certification  
27 program. The program shall encourage the growth of  
28 communities through the development of areas within a city or  
29 county for public and private uses related to cultural and  
30 entertainment purposes.

31 2. A city or county may create and designate a cultural  
32 and entertainment district subject to certification by the  
33 department of cultural affairs, in consultation with the  
34 department of economic development. A cultural and  
35 entertainment district shall consist of a geographic area not



1 exceeding one square mile in size. A cultural and  
2 entertainment district certification shall remain in effect  
3 for ten years following the date of certification. Two or  
4 more cities or counties may apply jointly for certification of  
5 a district that extends across a common boundary. Through the  
6 adoption of administrative rules, the department of cultural  
7 affairs shall develop a certification application for use in  
8 the certification process.

9 3. The department of cultural affairs shall encourage  
10 development projects and activities located in certified  
11 cultural and entertainment districts through incentives under  
12 cultural grant programs pursuant to section 303.3, chapter  
13 303A, and any other grant programs.

14 Sec. 47. Section 404A.4, subsection 4, Code 2003, is  
15 amended to read as follows:

16 4. The total amount of tax credits that may be approved  
17 for a fiscal year under this chapter shall not exceed two  
18 million four hundred thousand dollars. For the fiscal years  
19 beginning July 1, 2003, and July 1, 2004, an additional two  
20 million dollars of tax credits may be approved each fiscal  
21 year for purposes of projects located in cultural and  
22 entertainment districts certified pursuant to section 303.3B.  
23 Any of the additional tax credits allocated for projects  
24 located in certified cultural and entertainment districts that  
25 are not approved during a fiscal year may be carried over to  
26 the succeeding fiscal year. Tax credit certificates shall be  
27 issued on the basis of the earliest awarding of certifications  
28 of completion as provided in subsection 1. The departments of  
29 economic development and revenue and finance shall each adopt  
30 rules to jointly administer this subsection and shall provide  
31 by rule for the method to be used to determine for which  
32 fiscal year the tax credits are approved.

33 DIVISION VII  
34 SMALL BUSINESS ADVISORY COUNCIL

35 Sec. 48. Section 15.108, subsection 7, paragraph h, Code

1 2003, is amended by striking the paragraph.

2 [ DIVISION VIII

3 STREAMLINED SALES AND USE TAXES

4 SUBCHAPTER I

5 DEFINITIONS

6 Sec. 49. NEW SECTION. 423.1 DEFINITIONS.

7 As used in this chapter the following words, terms, and  
8 phrases have the meanings ascribed to them by this section,  
9 except where the context clearly indicates that a different  
10 meaning is intended:

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

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

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

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

27 5. "Certificate of title" means a certificate of title  
28 issued for a vehicle or for manufactured housing under chapter  
29 321.

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

35 7. "Certified service provider" means an agent certified ]

1 [ under the agreement to perform all of a seller's sales or use  
2 tax functions, other than the seller's obligation to remit tax  
3 on its own purchases.

4 8. "Computer" means an electronic device that accepts  
5 information in digital or similar form and manipulates the  
6 information for a result based on a sequence of instructions.

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

10 10. "Delivered electronically" means delivered to the  
11 purchaser by means other than tangible storage media.

12 11. "Delivery charges" means charges assessed by a seller  
13 of personal property or services for preparation and delivery  
14 to a location designated by the purchaser of personal property  
15 or services including, but not limited to, transportation,  
16 shipping, postage, handling, crating, and packing charges.

17 12. "Department" means the department of revenue and  
18 finance.

19 13. "Direct mail" means printed material delivered or  
20 distributed by United States mail or other delivery service to  
21 a mass audience or to addressees on a mailing list provided by  
22 the purchaser or at the direction of the purchaser when the  
23 cost of the items is not billed directly to the recipients.  
24 "Direct mail" includes tangible personal property supplied  
25 directly or indirectly by the purchaser to the direct mail  
26 seller for inclusion in the package containing the printed  
27 material. "Direct mail" does not include multiple items of  
28 printed material delivered to a single address.

29 14. "Director" means the director of revenue and finance.

30 15. "Electronic" means relating to technology having  
31 electrical, digital, magnetic, wireless, optical,  
32 electromagnetic, or similar capabilities.

33 16. "Farm deer" means the same as defined in section  
34 189A.2.

35 17. "Farm machinery and equipment" means machinery and ]

1 [equipment used in agricultural production.

2 18. "First use of a service". A "first use of a service"  
3 occurs, for the purposes of this chapter, when a service is  
4 rendered, furnished, or performed in Iowa or if rendered,  
5 furnished, or performed outside of Iowa, when the product or  
6 result of the service is used in Iowa.

7 19. "Goods, wares, or merchandise" means the same as  
8 tangible personal property.

9 20. "Governing board" means the group comprised of  
10 representatives of the member states of the agreement which is  
11 created by the agreement to be responsible for the agreement's  
12 administration and operation.

13 21. "Installed purchase price" is the amount charged,  
14 valued in money whether paid in money or otherwise, by a  
15 building contractor to convert manufactured housing from  
16 tangible personal property into realty. "Installed purchase  
17 price" includes, but is not limited to, amounts charged for  
18 installing a foundation and electrical and plumbing hookups.  
19 "Installed purchase price" excludes any amount charged for  
20 landscaping in connection with the conversion.

21 22. "Lease or rental".

22 a. "Lease or rental" means any transfer of possession or  
23 control of tangible personal property for a fixed or  
24 indeterminate term for consideration. A "lease or rental" may  
25 include future options to purchase or extend.

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

31 c. "Lease or rental" does not include any of the  
32 following:

33 (1) A transfer of possession or control of property under  
34 a security agreement or deferred payment plan that requires  
35 the transfer of title upon completion of the required ]

1 [payments.

2 (2) A transfer of possession or control of property under  
3 an agreement that requires the transfer of title upon  
4 completion of required payments, and payment of any option  
5 price does not exceed the greater of one hundred dollars or  
6 one percent of the total required payments.

7 (3) Providing tangible personal property along with an  
8 operator for a fixed or indeterminate period of time. A  
9 condition of this exclusion is that the operator is necessary  
10 for the equipment to perform as designed. For the purpose of  
11 this subparagraph, an operator must do more than maintain,  
12 inspect, or set up the tangible personal property.

13 d. This definition shall be used for sales and use tax  
14 purposes regardless of whether a transaction is characterized  
15 as a lease or rental under generally accepted accounting  
16 principles, the Internal Revenue Code, the Uniform Commercial  
17 Code, or other provisions of federal, state, or local law.

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

20 24. "Manufactured housing" means "manufactured home" as  
21 defined in section 321.1.

22 25. "Member state" is any state which has signed the  
23 agreement.

24 26. "Mobile home" means "manufactured or mobile home" as  
25 defined in section 321.1.

26 27. "Model 1 seller" is a seller that has selected a  
27 certified service provider as its agent to perform all the  
28 seller's sales and use tax functions, other than the seller's  
29 obligation to remit tax on its own purchases.

30 28. "Model 2 seller" is a seller that has selected a  
31 certified automated system to perform part of its sales and  
32 use tax functions, but retains responsibility for remitting  
33 the tax.

34 29. "Model 3 seller" is a seller that has sales in at  
35 least five member states, has total annual sales revenue of at ]

1 [least five hundred million dollars, has a proprietary system  
2 that calculates the amount of tax due each jurisdiction, and  
3 has entered into a performance agreement with the member  
4 states that establishes a tax performance standard for the  
5 seller. As used in this definition, a "seller" includes an  
6 affiliated group of sellers using the same proprietary system.

7 30. "Nonresidential commercial operations" means  
8 industrial, commercial, mining, or agricultural operations,  
9 whether for profit or not, but does not include apartment  
10 complexes or mobile home parks.

11 31. "Not registered under the agreement" means lack of  
12 registration by a seller with the member states under the  
13 central registration system referenced in section 423.11,  
14 subsection 4.

15 32. "Person" means an individual, trust, estate,  
16 fiduciary, partnership, limited liability company, limited  
17 liability partnership, corporation, or any other legal entity.

18 33. "Place of business" means any warehouse, store, place,  
19 office, building, or structure where goods, wares, or  
20 merchandise are offered for sale at retail or where any  
21 taxable amusement is conducted, or each office where gas,  
22 water, heat, communication, or electric services are offered  
23 for sale at retail.

24 When a retailer or amusement operator sells merchandise by  
25 means of vending machines or operates music or amusement  
26 devices by coin-operated machines at more than one location  
27 within the state, the office, building, or place where the  
28 books, papers, and records of the taxpayer are kept shall be  
29 deemed to be the taxpayer's place of business.

30 34. "Prewritten computer software" includes software  
31 designed and developed by the author or other creator to the  
32 specifications of a specific purchaser when it is sold to a  
33 person other than the purchaser. The combining of two or more  
34 prewritten computer software programs or prewritten portions  
35 of prewritten programs does not cause the combination to be ]

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

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

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

23 a. The provider and user of the service intend that a sale  
24 of the property will occur.

25 b. The property is transferred to the user of the service  
26 in connection with the performance of the service in a form or  
27 quantity capable of a fixed or definite price value.

28 c. The sale is evidenced by a separate charge for the  
29 identifiable piece of property.

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

33 37. "Purchase price" means the same as "sales price" as  
34 defined in this section.

35 38. "Purchaser" is a person to whom a sale of personal ]

1 [property is made or to whom a service is furnished.

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

3 a. Taking possession of tangible personal property.

4 b. Making first use of a service.

5 c. Taking possession or making first use of digital goods,  
6 whichever comes first.

7 "Receive" and "receipt" do not include possession by a  
8 shipping company on behalf of a purchaser.

9 40. "Registered under the agreement" means registration by  
10 a seller under the central registration system referenced in  
11 section 423.11, subsection 4.

12 41. "Relief agency" means the state, any county, city and  
13 county, city, or district thereof, or any agency engaged in  
14 actual relief work.

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

34 43. "Retailer maintaining a place of business in this  
35 state" or any like term includes any retailer having or ]



1 [maintaining within this state, directly or by a subsidiary, an  
2 office, distribution house, sales house, warehouse, or other  
3 place of business, or any representative operating within this  
4 state under the authority of the retailer or its subsidiary,  
5 irrespective of whether that place of business or  
6 representative is located here permanently or temporarily, or  
7 whether the retailer or subsidiary is admitted to do business  
8 within this state pursuant to chapter 490.

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

11 45. "Retail sale" or "sale at retail" means any sale,  
12 lease, or rental for any purpose other than resale, sublease,  
13 or subrent.

14 46. "Sales" or "sale" means any transfer, exchange, or  
15 barter, conditional or otherwise, in any manner or by any  
16 means whatsoever, for consideration.

17 47. "Sales price" applies to the measure subject to sales  
18 tax.

19 a. "Sales price" means the total amount of consideration,  
20 including cash, credit, property, and services, for which  
21 personal property or services are sold, leased, or rented,  
22 valued in money, whether received in money or otherwise,  
23 without any deduction for any of the following:

- 24 (1) The seller's cost of the property sold.
- 25 (2) The cost of materials used, labor or service cost,  
26 interest, losses, all costs of transportation to the seller,  
27 all taxes imposed on the seller, and any other expenses of the  
28 seller.
- 29 (3) Charges by the seller for any services necessary to  
30 complete the sale, other than delivery and installation  
31 charges.
- 32 (4) Delivery charges.
- 33 (5) Installation charges.
- 34 (6) The value of exempt personal property given to the  
35 purchaser where taxable and exempt personal property have been ]

1 [bundled together and sold by the seller as a single product or  
2 piece of merchandise.

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

5 b. "Sales price" does not include:

6 (1) Discounts, including cash, term, or coupons that are  
7 not reimbursed by a third party that are allowed by a seller  
8 and taken by a purchaser on a sale.

9 (2) Interest, financing, and carrying charges from credit  
10 extended on the sale of personal property or services, if the  
11 amount is separately stated on the invoice, bill of sale, or  
12 similar document given to the purchaser.

13 (3) Any taxes legally imposed directly on the consumer  
14 that are separately stated on the invoice, bill of sale, or  
15 similar document given to the purchaser.

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

20 48. "Sales tax" means the tax levied under subchapter II  
21 of this chapter.

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

24 50. "Services" means all acts or services rendered,  
25 furnished, or performed, other than services used in  
26 processing of tangible personal property for use in retail  
27 sales or services, for an employer, as defined in section  
28 422.4, subsection 3, for a valuable consideration by any  
29 person engaged in any business or occupation specifically  
30 enumerated in section 423.2. The tax shall be due and  
31 collectible when the service is rendered, furnished, or  
32 performed for the ultimate user of the service.

33 51. "Services used in the processing of tangible personal  
34 property" includes the reconditioning or repairing of tangible  
35 personal property of the type normally sold in the regular ]

- 1 [course of the retailer's business and which is held for sale.  
2 52. "State" means any state of the United States and the  
3 District of Columbia.  
4 53. "System" means the central electronic registration  
5 system maintained by Iowa and other states which are  
6 signatories to the agreement.  
7 54. "Tangible personal property" means personal property  
8 that can be seen, weighed, measured, felt, or touched, or that  
9 is in any other manner perceptible to the senses. "Tangible  
10 personal property" includes electricity, water, gas, steam,  
11 and prewritten computer software.  
12 55. "Taxpayer" includes any person who is subject to a tax  
13 imposed by this chapter, whether acting on the person's own  
14 behalf or as a fiduciary.  
15 56. "Trailer" shall mean every trailer, as is now or may  
16 be hereafter so defined by chapter 321, which is required to  
17 be registered or is subject only to the issuance of a  
18 certificate of title under chapter 321.  
19 57. "Use" means and includes the exercise by any person of  
20 any right or power over tangible personal property incident to  
21 the ownership of that property. A retailer's or building  
22 contractor's sale of manufactured housing for use in this  
23 state, whether in the form of tangible personal property or of  
24 realty, is a use of that property for the purposes of this  
25 chapter.  
26 58. "Use tax" means the tax levied under subchapter III of  
27 this chapter for which the retailer collects and remits tax to  
28 the department.  
29 59. "User" means the immediate recipient of the services  
30 who is entitled to exercise a right of power over the product  
31 of such services.  
32 60. "Value of services" means the price to the user  
33 exclusive of any direct tax imposed by the federal government  
34 or by this chapter.  
35 61. "Vehicles subject to registration" means any vehicle ]

1 [subject to registration pursuant to section 321.18.

2

SUBCHAPTER II

3

SALES TAX

4

Sec. 50. NEW SECTION. 423.2 TAX IMPOSED.

5

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

10

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

13

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

15

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

17

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

19

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

29

If the optional service or warranty contract is a computer  
30 software maintenance or support service contract and there is  
31 no separately stated fee for the taxable personal property or  
32 for the nontaxable service, the tax imposed by this subsection  
33 shall be imposed on fifty percent of the sales price from the  
34 sale of such contract. If the contract provides for technical  
35 support services only, no tax shall be imposed under this ]

1 [ subsection. The provisions of this subparagraph (4) also  
2 apply to the use tax.

3 (5) Renting of rooms, apartments, or sleeping quarters in  
4 a hotel, motel, inn, public lodging house, rooming house,  
5 mobile home which is tangible personal property, or tourist  
6 court, or in any place where sleeping accommodations are  
7 furnished to transient guests for rent, whether with or  
8 without meals. "Renting" and "rent" include any kind of  
9 direct or indirect charge for such rooms, apartments, or  
10 sleeping quarters, or their use. However, the tax does not  
11 apply to the sales price from the renting of a room,  
12 apartment, or sleeping quarters while rented by the same  
13 person for a period of more than thirty-one consecutive days.

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

1 [subcontractors, or builders shall be treated as the sale of  
2 ordinary tangible personal property and subject to the tax  
3 imposed under this subsection and the use tax.

4 c. The use within this state of tangible personal property  
5 by the manufacturer thereof, as building materials, supplies,  
6 or equipment, in the performance of construction contracts in  
7 Iowa, shall, for the purpose of this subchapter, be construed  
8 as a sale at retail of tangible personal property by the  
9 manufacturer who shall be deemed to be the consumer of such  
10 tangible personal property. The tax shall be computed upon  
11 the cost to the manufacturer of the fabrication or production  
12 of the tangible personal property.

13 2. A tax of five percent is imposed upon the sales price  
14 of the sale or furnishing of gas, electricity, water, heat,  
15 pay television service, and communication service, including  
16 the sales price from such sales by any municipal corporation  
17 or joint water utility furnishing gas, electricity, water,  
18 heat, pay television service, and communication service to the  
19 public in its proprietary capacity, except as otherwise  
20 provided in this subchapter, when sold at retail in the state  
21 to consumers or users.

22 3. A tax of five percent is imposed upon the sales price  
23 of all sales of tickets or admissions to places of amusement,  
24 fairs, and athletic events except those of elementary and  
25 secondary educational institutions. A tax of five percent is  
26 imposed on the sales price of an entry fee or like charge  
27 imposed solely for the privilege of participating in an  
28 activity at a place of amusement, fair, or athletic event  
29 unless the sales price of tickets or admissions charges for  
30 observing the same activity are taxable under this subchapter.  
31 A tax of five percent is imposed upon that part of private  
32 club membership fees or charges paid for the privilege of  
33 participating in any athletic sports provided club members.

34 4. A tax of five percent is imposed upon the sales price  
35 derived from the operation of all forms of amusement devices ]

1 [and games of skill, games of chance, raffles, and bingo games  
2 as defined in chapter 99B, operated or conducted within the  
3 state, the tax to be collected from the operator in the same  
4 manner as for the collection of taxes upon the sales price of  
5 tickets or admission as provided in this section. The tax  
6 shall also be imposed upon the sales price derived from the  
7 sale of lottery tickets or shares pursuant to chapter 99E.  
8 The tax on the lottery tickets or shares shall be included in  
9 the sales price and distributed to the general fund of the  
10 state as provided in section 99E.10. Nothing in this  
11 subsection shall legalize any games of skill or chance or  
12 slot-operated devices which are now prohibited by law.

13 The tax imposed under this subsection covers the total  
14 amount from the operation of games of skill, games of chance,  
15 raffles, and bingo games as defined in chapter 99B, and  
16 musical devices, weighing machines, shooting galleries,  
17 billiard and pool tables, bowling alleys, pinball machines,  
18 slot-operated devices selling merchandise not subject to the  
19 general sales taxes and on the total amount from devices or  
20 systems where prizes are in any manner awarded to patrons and  
21 upon the receipts from fees charged for participation in any  
22 game or other form of amusement, and generally upon the sales  
23 price from any source of amusement operated for profit, not  
24 specified in this section, and upon the sales price from which  
25 tax is not collected for tickets or admission, but tax shall  
26 not be imposed upon any activity exempt from sales tax under  
27 section 423.3, subsection 78. Every person receiving any  
28 sales price from the sources described in this section is  
29 subject to all provisions of this subchapter relating to  
30 retail sales tax and other provisions of this chapter as  
31 applicable.

32 5. There is imposed a tax of five percent upon the sales  
33 price from the furnishing of services as defined in section  
34 423.1.

35 6. The sales price of any of the following enumerated ]

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



1 [repair; Turkish baths, massage, and reducing salons, excluding  
2 services provided by massage therapists licensed under chapter  
3 152C; water conditioning and softening; weighing; welding;  
4 well drilling; wrapping, packing, and packaging of merchandise  
5 other than processed meat, fish, fowl, and vegetables;  
6 wrecking service; wrecker and towing.

7 For the purposes of this subsection, the sales price of a  
8 lease or rental includes rents, royalties, and copyright and  
9 license fees. For the purposes of this subsection, "financial  
10 institutions" means all national banks, federally chartered  
11 savings and loan associations, federally chartered savings  
12 banks, federally chartered credit unions, banks organized  
13 under chapter 524, savings and loan associations and savings  
14 banks organized under chapter 534, and credit unions organized  
15 under chapter 533.

16 7. a. A tax of five percent is imposed upon the sales  
17 price from the sales, furnishing, or service of solid waste  
18 collection and disposal service.

19 For purposes of this subsection, "solid waste" means  
20 garbage, refuse, sludge from a water supply treatment plant or  
21 air contaminant treatment facility, and other discarded waste  
22 materials and sludges, in solid, semisolid, liquid, or  
23 contained gaseous form, resulting from nonresidential  
24 commercial operations, but does not include auto hulks; street  
25 sweepings; ash; construction debris; mining waste; trees;  
26 tires; lead acid batteries; used oil; hazardous waste; animal  
27 waste used as fertilizer; earthen fill, boulders, or rock;  
28 foundry sand used for daily cover at a sanitary landfill;  
29 sewage sludge; solid or dissolved material in domestic sewage  
30 or other common pollutants in water resources, such as silt,  
31 dissolved or suspended solids in industrial waste water  
32 effluents or discharges which are point sources subject to  
33 permits under section 402 of the federal Water Pollution  
34 Control Act, or dissolved materials in irrigation return  
35 flows; or source, special nuclear, or by-product material ]

1 [defined by the federal Atomic Energy Act of 1954.

2 A recycling facility that separates or processes recyclable  
3 materials and that reduces the volume of the waste by at least  
4 eighty-five percent is exempt from the tax imposed by this  
5 subsection if the waste exempted is collected and disposed of  
6 separately from other solid waste.

7 b. A person who transports solid waste generated by that  
8 person or another person without compensation shall pay the  
9 tax imposed by this subsection at the collection or disposal  
10 facility based on the disposal charge or tipping fee.

11 However, the costs of a service or portion of a service to  
12 collect and manage recyclable materials separated from solid  
13 waste by the waste generator are exempt from the tax imposed  
14 by this subsection.

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

25 b. For purposes of the administration of the tax on  
26 bundled services contracts, the director may enter into  
27 agreements of limited duration with individual retailers,  
28 groups of retailers, or organizations representing retailers  
29 of bundled services contracts. Such an agreement shall impose  
30 the tax rate only upon that portion of the sales price from a  
31 bundled services contract which is attributable to taxable  
32 services provided under the contract.

33 9. A tax of five percent is imposed upon the sales price  
34 from any mobile telecommunications service which this state is  
35 allowed to tax by the provisions of the federal Mobile ]

1 [Telecommunications Sourcing Act, Pub. L. No. 106-252, 4  
2 U.S.C. § 116 et seq. For purposes of this subsection, taxes  
3 on mobile telecommunications service, as defined under the  
4 federal Mobile Telecommunications Sourcing Act that are deemed  
5 to be provided by the customer's home service provider, shall  
6 be paid to the taxing jurisdiction whose territorial limits  
7 encompass the customer's place of primary use, regardless of  
8 where the mobile telecommunications service originates,  
9 terminates, or passes through and shall in all other respects  
10 be taxed in conformity with the federal Mobile  
11 Telecommunications Sourcing Act. All other provisions of the  
12 federal Mobile Telecommunications Sourcing Act are adopted by  
13 the state of Iowa and incorporated into this subsection by  
14 reference. With respect to mobile telecommunications service  
15 under the federal Mobile Telecommunications Sourcing Act, the  
16 director shall, if requested, enter into agreements consistent  
17 with the provisions of the federal Act.

18 10. All revenues arising under the operation of the  
19 provisions of this section shall be deposited into the general  
20 fund of the state.

21 Sec. 51. NEW SECTION. 423.3 EXEMPTIONS.

22 There is exempted from the provisions of this subchapter  
23 and from the computation of the amount of tax imposed by it  
24 the following:

25 1. The sales price from sales of tangible personal  
26 property and services furnished which this state is prohibited  
27 from taxing under the Constitution or laws of the United  
28 States or under the Constitution of this state.

29 2. The sales price of sales for resale of tangible  
30 personal property or taxable services, or for resale of  
31 tangible personal property in connection with the furnishing  
32 of taxable services.

33 3. The sales price of agricultural breeding livestock and  
34 domesticated fowl.

35 4. The sales price of commercial fertilizer.]

1 [ 5. The sales price of agricultural limestone, herbicide,  
2 pesticide, insecticide, including adjuvants, surfactants, and  
3 other products directly related to the application enhancement  
4 of those products, food, medication, or agricultural drain  
5 tile, including installation of agricultural drain tile, any  
6 of which are to be used in disease control, weed control,  
7 insect control, or health promotion of plants or livestock  
8 produced as part of agricultural production for market.

9 6. The sales price of tangible personal property which  
10 will be consumed as fuel in creating heat, power, or steam for  
11 grain drying, or for providing heat or cooling for livestock  
12 buildings or for greenhouses or buildings or parts of  
13 buildings dedicated to the production of flowering,  
14 ornamental, or vegetable plants intended for sale in the  
15 ordinary course of business, or for use in cultivation of  
16 agricultural products by aquaculture, or in implements of  
17 husbandry engaged in agricultural production.

18 7. The sales price of services furnished by specialized  
19 flying implements of husbandry used for agricultural aerial  
20 spraying.

21 8. The sales price exclusive of services of farm machinery  
22 and equipment, including auxiliary attachments which improve  
23 the performance, safety, operation, or efficiency of the  
24 machinery and equipment and replacement parts, if the  
25 following conditions are met:

26 a. The farm machinery and equipment shall be directly and  
27 primarily used in production of agricultural products.

28 b. The farm machinery and equipment shall constitute self-  
29 propelled implements or implements customarily drawn or  
30 attached to self-propelled implements or the farm machinery or  
31 equipment is a grain dryer.

32 c. The replacement part is essential to any repair or  
33 reconstruction necessary to the farm machinery's or  
34 equipment's exempt use in the production of agricultural  
35 products.]

1 [Vehicles subject to registration, as defined in section  
2 423.1, or replacement parts for such vehicles, are not  
3 eligible for this exemption.

4 9. The sales price of wood chips, sawdust, hay, straw,  
5 paper, or other materials used for bedding in the production  
6 of agricultural livestock or fowl.

7 10. The sales price of gas, electricity, water, or heat to  
8 be used in implements of husbandry engaged in agricultural  
9 production.

10 11. The sales price exclusive of services of farm  
11 machinery and equipment, including auxiliary attachments which  
12 improve the performance, safety, operation, or efficiency of  
13 the machinery and equipment and replacement parts, if all of  
14 the following conditions are met:

15 a. The implement, machinery, or equipment is directly and  
16 primarily used in livestock or dairy production, aquaculture  
17 production, or the production of flowering, ornamental, or  
18 vegetable plants.

19 b. The implement is not a self-propelled implement or  
20 implement customarily drawn or attached to self-propelled  
21 implements.

22 c. The replacement part is essential to any repair or  
23 reconstruction necessary to the farm machinery's or  
24 equipment's exempt use in livestock or dairy production,  
25 aquaculture production, or the production of flowering,  
26 ornamental, or vegetable plants.

27 12. The sales price, exclusive of services, from sales of  
28 irrigation equipment used in farming operations.

29 13. The sales price from the sale or rental of irrigation  
30 equipment, whether installed above or below ground, to a  
31 contractor or farmer if the equipment will be primarily used  
32 in agricultural operations.

33 14. The sales price from the sales of horses, commonly  
34 known as draft horses, when purchased for use and so used as  
35 draft horses.]

1 [15. The sales price from the sale of property which is a  
2 container, label, carton, pallet, packing case, wrapping,  
3 baling wire, twine, bag, bottle, shipping case, or other  
4 similar article or receptacle sold for use in agricultural,  
5 livestock, or dairy production.

6 16. The sales price from the sale of feed and feed  
7 supplements and additives when used for consumption by farm  
8 deer or bison.

9 17. The sales price of all goods, wares, or merchandise,  
10 or services, used for educational purposes sold to any private  
11 nonprofit educational institution in this state. For the  
12 purpose of this subsection, "educational institution" means an  
13 institution which primarily functions as a school, college, or  
14 university with students, faculty, and an established  
15 curriculum. The faculty of an educational institution must be  
16 associated with the institution and the curriculum must  
17 include basic courses which are offered every year.  
18 "Educational institution" includes an institution primarily  
19 functioning as a library.

20 18. The sales price of tangible personal property sold, or  
21 of services furnished, to the following nonprofit  
22 corporations:

23 a. Residential care facilities and intermediate care  
24 facilities for persons with mental retardation and residential  
25 care facilities for persons with mental illness licensed by  
26 the department of inspections and appeals under chapter 135C.

27 b. Residential facilities licensed by the department of  
28 human services pursuant to chapter 237, other than those  
29 maintained by individuals as defined in section 237.1,  
30 subsection 7.

31 c. Rehabilitation facilities that provide accredited  
32 rehabilitation services to persons with disabilities which are  
33 accredited by the commission on accreditation of  
34 rehabilitation facilities or the accreditation council for  
35 services for persons with mental retardation and other persons ]

1 [with developmental disabilities and adult day care services  
2 approved for reimbursement by the state department of human  
3 services.

4 d. Community mental health centers accredited by the  
5 department of human services pursuant to chapter 225C.

6 e. Community health centers as defined in 42 U.S.C. §  
7 254(c) and migrant health centers as defined in 42 U.S.C. §  
8 254(b).

9 19. The sales price of tangible personal property sold to  
10 a nonprofit organization which was organized for the purpose  
11 of lending the tangible personal property to the general  
12 public for use by them for nonprofit purposes.

13 20. The sales price of tangible personal property sold, or  
14 of services furnished, to nonprofit legal aid organizations.

15 21. The sales price of goods, wares, or merchandise, or of  
16 services, used for educational, scientific, historic  
17 preservation, or aesthetic purpose sold to a nonprofit private  
18 museum.

19 22. The sales price from sales of goods, wares, or  
20 merchandise, or from services furnished, to a nonprofit  
21 private art center to be used in the operation of the art  
22 center.

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

26 24. The sales price from services furnished by the  
27 notification center established pursuant to section 480.3, and  
28 the vendor selected pursuant to section 480.3 to provide the  
29 notification service.

30 25. The sales price of food and beverages sold for human  
31 consumption by a nonprofit organization which principally  
32 promotes a food or beverage product for human consumption  
33 produced, grown, or raised in this state and whose income is  
34 exempt from federal taxation under section 501(c) of the  
35 Internal Revenue Code.]

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

4 27. The sales price of tangible personal property sold, or  
5 of services furnished, to a nonprofit hospital licensed  
6 pursuant to chapter 135B to be used in the operation of the  
7 hospital.

8 28. The sales price of tangible personal property sold, or  
9 of services furnished, to a freestanding nonprofit hospice  
10 facility which operates a hospice program as defined in 42  
11 C.F.R., ch. IV, § 418.3, which property or services are to be  
12 used in the hospice program.

13 29. The sales price of all goods, wares, or merchandise  
14 sold, or of services furnished, which are used in the  
15 fulfillment of a written construction contract with a  
16 nonprofit hospital licensed pursuant to chapter 135B if all of  
17 the following apply:

18 a. The sales and delivery of the goods, wares, or  
19 merchandise, or the services furnished occurred between July  
20 1, 1998, and December 31, 2001.

21 b. The written construction contract was entered into  
22 prior to December 31, 1999, or bonds to fund the construction  
23 were issued prior to December 31, 1999.

24 c. The sales or services were purchased by a contractor as  
25 the agent for the hospital or were purchased directly by the  
26 hospital.

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

32 31. The sales price of goods, wares, or merchandise sold  
33 to and of services furnished, and used for public purposes  
34 sold to a tax-certifying or tax-levying body of the state or a  
35 governmental subdivision of the state, including regional ]



1 [transit systems, as defined in section 324A.1, the state board  
2 of regents, department of human services, state department of  
3 transportation, any municipally owned solid waste facility  
4 which sells all or part of its processed waste as fuel to a  
5 municipally owned public utility, and all divisions, boards,  
6 commissions, agencies, or instrumentalities of state, federal,  
7 county, or municipal government which have no earnings going  
8 to the benefit of an equity investor or stockholder, except  
9 any of the following:

10 a. The sales price of goods, wares, or merchandise sold  
11 to, or of services furnished, and used by or in connection  
12 with the operation of any municipally owned public utility  
13 engaged in selling gas, electricity, heat, or pay television  
14 service to the general public.

15 b. The sales price of furnishing of sewage services to a  
16 county or municipality on behalf of nonresidential commercial  
17 operations.

18 c. The furnishing of solid waste collection and disposal  
19 service to a county or municipality on behalf of  
20 nonresidential commercial operations located within the county  
21 or municipality.

22 The exemption provided by this subsection shall also apply  
23 to all such sales of goods, wares, or merchandise or of  
24 services furnished and subject to use tax.

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

28 a. The tax specifically imposed under section 423.2 on the  
29 sales price from sales or furnishing of gas, electricity,  
30 water, heat, pay television service, or communication service  
31 to the public by a municipal corporation in its proprietary  
32 capacity.

33 b. The sale or furnishing of solid waste collection and  
34 disposal service to nonresidential commercial operations.

35 c. The sale or furnishing of sewage service for ]

1 [nonresidential commercial operations.

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

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

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

14 35. The sales price from sales or services furnished by  
15 the state fair organized under chapter 173.

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

22 37. The sales price of services on or connected with new  
23 construction, reconstruction, alteration, expansion,  
24 remodeling, or the services of a general building contractor,  
25 architect, or engineer.

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

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

31 "Casual sales" means:

32 a. Sales of tangible personal property, or the furnishing  
33 of services, of a nonrecurring nature, by the owner, if the  
34 seller, at the time of the sale, is not engaged for profit in  
35 the business of selling tangible personal property or services ]

1 [taxed under section 423.2.

2 b. The sale of all or substantially all of the tangible  
3 personal property or services held or used by a seller in the  
4 course of the seller's trade or business for which the seller  
5 is required to hold a sales tax permit when the seller sells  
6 or otherwise transfers the trade or business to another person  
7 who shall engage in a similar trade or business.

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

22 41. The sales price from the rental of motion picture  
23 films, video and audio tapes, video and audio discs, records,  
24 photos, copy, scripts, or other media used for the purpose of  
25 transmitting that which can be seen, heard, or read, if either  
26 of the following conditions are met:

27 a. The lessee imposes a charge for the viewing of such  
28 media and the charge for the viewing is subject to taxation  
29 under this subchapter or is subject to use tax.

30 b. The lessee broadcasts the contents of such media for  
31 public viewing or listening.

32 42. The sales price from the sale of tangible personal  
33 property consisting of advertising material including paper to  
34 a person in Iowa if that person or that person's agent will,  
35 subsequent to the sale, send that advertising material outside]

1 [this state and the material is subsequently used solely  
2 outside of Iowa. For the purpose of this subsection,  
3 "advertising material" means any brochure, catalog, leaflet,  
4 flyer, order form, return envelope, or similar item used to  
5 promote sales of property or services.

6 43. The sales price from the sale of property or of  
7 services performed on property which the retailer transfers to  
8 a carrier for shipment to a point outside of Iowa, places in  
9 the United States mail or parcel post directed to a point  
10 outside of Iowa, or transports to a point outside of Iowa by  
11 means of the retailer's own vehicles, and which is not  
12 thereafter returned to a point within Iowa, except solely in  
13 the course of interstate commerce or transportation. This  
14 exemption shall not apply if the purchaser, consumer, or their  
15 agent, other than a carrier, takes physical possession of the  
16 property in Iowa.

17 44. The sales price from the sale of property which is a  
18 container, label, carton, pallet, packing case, wrapping  
19 paper, twine, bag, bottle, shipping case, or other similar  
20 article or receptacle sold to retailers or manufacturers for  
21 the purpose of packaging or facilitating the transportation of  
22 tangible personal property sold at retail or transferred in  
23 association with the maintenance or repair of fabric or  
24 clothing.

25 45. The sales price from sales or rentals to a printer or  
26 publisher of the following: acetate; anti-halation backing;  
27 antistatic spray; back lining; base material used as a carrier  
28 for light sensitive emulsions; blankets; blow-ups; bronze  
29 powder; carbon tissue; codas; color filters; color  
30 separations; contacts; continuous tone separations; creative  
31 art; custom dies and die cutting materials; dampener sleeves;  
32 dampening solution; design and styling; diazo coating; dot  
33 etching; dot etching solutions; drawings; drawsheets; driers;  
34 duplicate films or prints; electronically digitized images;  
35 electrotypes; end product of image modulation; engravings; ]

1 [etch solutions; film; finished art or final art; fix; fixative  
2 spray; flats; flying pasters; foils; goldenrod paper; gum;  
3 halftones; illustrations; ink; ink paste; keylines; lacquer;  
4 lasering images; layouts; lettering; line negatives and  
5 positives; linotypes; lithographic offset plates; magnesium  
6 and zinc etchings; masking paper; masks; masters; mats; mat  
7 service; metal toner; models and modeling; mylar; negatives;  
8 nonoffset spray; opaque film process paper; opaquing; padding  
9 compound; paper stock; photographic materials: acids, plastic  
10 film, desensitizer emulsion, exposure chemicals, fix,  
11 developers, and paper; photography, day rate; photopolymer  
12 coating; photographs; photostats; photo-display tape;  
13 phototypesetter materials; ph-indicator sticks; positives;  
14 press pack; printing cylinders; printing plates, all types;  
15 process lettering; proof paper; proofs and proof processes,  
16 all types; pumice powder; purchased author alterations;  
17 purchased composition; purchased phototypesetting; purchased  
18 stripping and pasteups; red litho tape; reducers; roller  
19 covering; screen tints; sketches; stepped plates; stereotypes;  
20 strip types; substrate; tints; tissue overlays; toners;  
21 transparencies; tympan; typesetting; typography; varnishes;  
22 veloxes; wood mounts; and any other items used in a like  
23 capacity to any of the above enumerated items by the printer  
24 or publisher to complete a finished product for sale at  
25 retail. Expendable tools and supplies which are not  
26 enumerated in this subsection are excluded from the exemption.  
27 "Printer" means that portion of a person's business engaged in  
28 printing that completes a finished product for ultimate sale  
29 at retail or means that portion of a person's business used to  
30 complete a finished printed packaging material used to package  
31 a product for ultimate sale at retail. "Printer" does not  
32 mean an in-house printer who prints or copyrights its own  
33 materials.  
34 46. a. The sales price from the sale or rental of  
35 computers, machinery, and equipment, including replacement ]

1 [parts, and materials used to construct or self-construct  
2 computers, machinery, and equipment if such items are any of  
3 the following:

4 (1) Directly and primarily used in processing by a  
5 manufacturer.

6 (2) Directly and primarily used to maintain the integrity  
7 of the product or to maintain unique environmental conditions  
8 required for either the product or the computers, machinery,  
9 and equipment used in processing by a manufacturer, including  
10 test equipment used to control quality and specifications of  
11 the product.

12 (3) Directly and primarily used in research and  
13 development of new products or processes of processing.

14 (4) Computers used in processing or storage of data or  
15 information by an insurance company, financial institution, or  
16 commercial enterprise.

17 (5) Directly and primarily used in recycling or  
18 reprocessing of waste products.

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

22 b. The sales price from the sale of fuel used in creating  
23 heat, power, steam, or for generating electrical current, or  
24 from the sale of electricity, consumed by computers,  
25 machinery, or equipment used in an exempt manner described in  
26 paragraph "a", subparagraph (1), (2), (3), (5), or (6).

27 c. The sales price from the sale or rental of the  
28 following shall not be exempt from the tax imposed by this  
29 subchapter:

30 (1) Hand tools.

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

32 (3) Industrial machinery, equipment, and computers,  
33 including pollution-control equipment within the scope of  
34 section 427A.1, subsection 1, paragraphs "h" and "i".

35 (4) Vehicles subject to registration, except vehicles ]

1 [subject to registration which are directly and primarily used  
2 in recycling or reprocessing of waste products.

3 d. As used in this subsection:

4 (1) "Commercial enterprise" includes businesses and  
5 manufacturers conducted for profit and centers for data  
6 processing services to insurance companies, financial  
7 institutions, businesses, and manufacturers, but excludes  
8 professions and occupations and nonprofit organizations.

9 (2) "Financial institution" means as defined in section  
10 527.2.

11 (3) "Insurance company" means an insurer organized or  
12 operating under chapter 508, 514, 515, 518, 518A, 519, or 520,  
13 or authorized to do business in Iowa as an insurer or an  
14 insurance producer under chapter 522B.

15 (4) "Manufacturer" means as defined in section 428.20, but  
16 also includes contract manufacturers. A contract manufacturer  
17 is a manufacturer that otherwise falls within the definition  
18 of manufacturer under section 428.20, except that a contract  
19 manufacturer does not sell the tangible personal property the  
20 contract manufacturer processes on behalf of other  
21 manufacturers. A business engaged in activities subsequent to  
22 the extractive process of quarrying or mining, such as  
23 crushing, washing, sizing, or blending of aggregate materials,  
24 is a manufacturer with respect to these activities.

25 (5) "Processing" means a series of operations in which  
26 materials are manufactured, refined, purified, created,  
27 combined, or transformed by a manufacturer, ultimately into  
28 tangible personal property. Processing encompasses all  
29 activities commencing with the receipt or producing of raw  
30 materials by the manufacturer and ending at the point products  
31 are delivered for shipment or transferred from the  
32 manufacturer. Processing includes but is not limited to  
33 refinement or purification of materials; treatment of  
34 materials to change their form, context, or condition;  
35 maintenance of the quality or integrity of materials, ]

1 [components, or products; maintenance of environmental  
2 conditions necessary for materials, components, or products;  
3 quality control activities; and construction of packaging and  
4 shipping devices, placement into shipping containers or any  
5 type of shipping devices or medium, and the movement of  
6 materials, components, or products until shipment from the  
7 processor.

8 (6) "Receipt or producing of raw materials" means  
9 activities performed upon tangible personal property only.

10 With respect to raw materials produced from or upon real  
11 estate, the receipt or producing of raw materials is deemed to  
12 occur immediately following the severance of the raw materials  
13 from the real estate.

14 47. The sales price from the furnishing of the design and  
15 installation of new industrial machinery or equipment,  
16 including electrical and electronic installation.

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

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



1 [50. The sales price of tangible personal property sold for  
2 processing. Tangible personal property is sold for processing  
3 within the meaning of this subsection only when it is intended  
4 that the property will, by means of fabrication, compounding,  
5 manufacturing, or germination, become an integral part of  
6 other tangible personal property intended to be sold  
7 ultimately at retail; or for generating electric current; or  
8 the property is a chemical, solvent, sorbent, or reagent,  
9 which is directly used and is consumed, dissipated, or  
10 depleted, in processing tangible personal property which is  
11 intended to be sold ultimately at retail or consumed in the  
12 maintenance or repair of fabric or clothing, and which may not  
13 become a component or integral part of the finished product.  
14 The distribution to the public of free newspapers or shoppers  
15 guides is a retail sale for purposes of the processing  
16 exemption set out in this subsection and in subsection 49.

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

19 52. The sales price from the sale of electricity to water  
20 companies assessed for property tax pursuant to sections  
21 428.24, 428.26, and 428.28 which is used solely for the  
22 purpose of pumping water from a river or well.

23 53. The sales price from the sale of wind energy  
24 conversion property to be used as an electric power source and  
25 the sale of the materials used to manufacture, install, or  
26 construct wind energy conversion property used or to be used  
27 as an electric power source.

28 For purposes of this subsection, "wind energy conversion  
29 property" means any device, including, but not limited to, a  
30 wind charger, windmill, wind turbine, tower and electrical  
31 equipment, pad mount transformers, power lines, and  
32 substation, which converts wind energy to a form of usable  
33 energy.

34 54. The sales price from the sales of newspapers, free  
35 newspapers, or shoppers guides and the printing and publishing ]

1 [of such newspapers and shoppers guides, and envelopes for  
2 advertising.

3 55. The sales price from the sale of motor fuel and  
4 special fuel consumed for highway use or in watercraft or  
5 aircraft where the fuel tax has been imposed and paid and no  
6 refund has been or will be allowed and the sales price from  
7 the sales of ethanol blended gasoline, as defined in section  
8 452A.2.

9 56. The sales price from all sales of food and food  
10 ingredients. However, as used in this subsection, "food" does  
11 not include alcoholic beverages, candy, dietary supplements,  
12 food sold through vending machines, prepared food, soft  
13 drinks, and tobacco.

14 For the purposes of this subsection:

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

18 b. "Candy" means a preparation of sugar, honey, or other  
19 natural or artificial sweeteners in combination with  
20 chocolate, fruits, nuts, or other ingredients or flavorings in  
21 the form of bars, drops, or pieces. Candy shall not include  
22 any preparation containing flour and shall require no  
23 refrigeration.

24 c. "Dietary supplement" means any product, other than  
25 tobacco, intended to supplement the diet that contains one or  
26 more of the following dietary ingredients:

27 (1) A vitamin.

28 (2) A mineral.

29 (3) An herb or other botanical.

30 (4) An amino acid.

31 (5) A dietary substance for use by humans to supplement  
32 the diet by increasing the total dietary intake.

33 (6) A concentrate, metabolite, constituent, extract, or  
34 combination of any of the ingredients in subparagraphs (1)  
35 through (5) that is intended for ingestion in tablet, capsule, ]

1 [ powder, softgel, gelcap, or liquid form, or if not intended  
2 for ingestion in such a form, is not represented as  
3 conventional food and is not represented for use as a sole  
4 item of a meal or of the diet; and is required to be labeled  
5 as a dietary supplement, identifiable by the "supplement  
6 facts" box found on the label and as required pursuant to 21  
7 C.F.R. § 101.36.

8 d. "Food and food ingredients" means substances, whether  
9 in liquid, concentrated, solid, frozen, dried, or dehydrated  
10 form, that are sold for ingestion or chewing by humans and are  
11 consumed for their taste or nutritional value.

12 e. "Food sold through vending machines" means food  
13 dispensed from a machine or other mechanical device that  
14 accepts payment, other than food which would be qualified for  
15 exemption under subsection 57 if purchased with a coupon  
16 described in subsection 57.

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

18 (1) Food sold in a heated state or heated by the seller,  
19 including food sold by a caterer.

20 (2) Two or more food ingredients mixed or combined by the  
21 seller for sale as a single item.

22 (3) "Prepared food", for the purposes of this paragraph,  
23 does not include food that is any of the following:

24 (a) Only cut, repackaged, or pasteurized by the seller.

25 (b) Eggs, fish, meat, poultry, and foods containing these  
26 raw animal foods requiring cooking by the consumer as  
27 recommended by the United States food and drug administration  
28 in chapter 3, part 401.11 of its food code, so as to prevent  
29 food borne illnesses.

30 (c) Bakery items sold by the seller which baked them. The  
31 words "bakery items" includes but is not limited to breads,  
32 rolls, buns, biscuits, bagels, croissants, pastries, donuts,  
33 Danish, cakes, tortes, pies, tarts, muffins, bars, cookies,  
34 and tortillas.

35 (d) Food sold without eating utensils provided by the ]

1 [seller in an unheated state as a single item which is priced  
2 by weight or volume.

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

7 g. "Soft drinks" means nonalcoholic beverages that contain  
8 natural or artificial sweeteners. "Soft drinks" does not  
9 include beverages that contain milk or milk products; soy,  
10 rice, or similar milk substitutes; or greater than fifty  
11 percent of vegetable or fruit juice by volume.

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

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

17 58. In transactions in which tangible personal property is  
18 traded toward the sales price of other tangible personal  
19 property, that portion of the sales price which is not payable  
20 in money to the retailer is exempted from the taxable amount  
21 if the following conditions are met:

22 a. The tangible personal property traded to the retailer  
23 is the type of property normally sold in the regular course of  
24 the retailer's business.

25 b. The tangible personal property traded to the retailer  
26 is intended by the retailer to be ultimately sold at retail or  
27 is intended to be used by the retailer or another in the  
28 remanufacturing of a like item.

29 59. The sales price from the sale or rental of  
30 prescription drugs or medical devices intended for human use  
31 or consumption.

32 For the purposes of this subsection:

33 a. "Drug" means a compound, substance, or preparation, and  
34 any component of a compound, substance, or preparation, other  
35 than food and food ingredients, dietary supplements, or

1 [alcoholic beverages which is any of the following:

2 (1) Recognized in the official United States  
3 pharmacopoeia, official homeopathic pharmacopoeia of the  
4 United States, or official national formulary, and supplement  
5 to any of them.

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

8 (3) Intended to affect the structure or any function of  
9 the body.

10 b. "Medical device" means equipment or a supply, intended  
11 to be prescribed by a practitioner, including orthopedic or  
12 orthotic devices. However, "medical device" also includes  
13 prosthetic devices, ostomy, urological, and tracheostomy  
14 equipment and supplies, and diabetic testing materials,  
15 hypodermic syringes and needles, anesthesia trays, biopsy  
16 trays and biopsy needles, cannula systems, catheter trays and  
17 invasive catheters, dialyzers, drug infusion devices, fistula  
18 sets, hemodialysis devices, insulin infusion devices,  
19 intraocular lenses, irrigation solutions, intravenous  
20 administering sets, solutions and stopcocks, myelogram trays,  
21 nebulizers, small vein infusion kits, spinal puncture trays,  
22 transfusion sets, venous blood sets, and oxygen equipment,  
23 intended to be dispensed for human use with or without a  
24 prescription to an ultimate user.

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

27 d. "Prescription drug" means a drug intended to be  
28 dispensed to an ultimate user pursuant to a prescription drug  
29 order, formula, or recipe issued in any form of oral, written,  
30 electronic, or other means of transmission by a duly licensed  
31 practitioner, or oxygen or insulin dispensed for human  
32 consumption with or without a prescription drug order or  
33 medication order.

34 e. "Prosthetic device" means a replacement, corrective, or  
35 supportive device including repair and replacement parts for ]

1 [the same worn on or in the body to do any of the following:

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

3 (2) Prevent or correct physical deformity or malfunction.

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

5 f. "Ultimate user" means an individual who has lawfully  
6 obtained and possesses a prescription drug or medical device  
7 for the individual's own use or for the use of a member of the  
8 individual's household, or an individual to whom a  
9 prescription drug or medical device has been lawfully  
10 supplied, administered, dispensed, or prescribed.

11 60. The sales price from services furnished by aerial  
12 commercial and charter transportation services.

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

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

19 63. The sales price from the sale of a modular home, as  
20 defined in section 435.1, to the extent of the portion of the  
21 purchase price of the modular home which is not attributable  
22 to the cost of the tangible personal property used in the  
23 processing of the modular home. For purposes of this  
24 exemption, the portion of the purchase price which is not  
25 attributable to the cost of the tangible personal property  
26 used in the processing of the modular home is forty percent.

27 64. The sales price from charges paid to a provider for  
28 access to on-line computer services. For purposes of this  
29 subsection, "on-line computer service" means a service that  
30 provides or enables computer access by multiple users to the  
31 internet or to other information made available through a  
32 computer server.

33 65. The sales price from the sale or rental of information  
34 services. "Information services" means every business  
35 activity, process, or function by which a seller or its agent ]

1 [accumulates, prepares, organizes, or conveys data, facts,  
2 knowledge, procedures, and like services to a buyer or its  
3 agent of such information through any tangible or intangible  
4 medium. Information accumulated, prepared, or organized for a  
5 buyer or its agent is an information service even though it  
6 may incorporate preexisting components of data or other  
7 information. "Information services" includes, but is not  
8 limited to, database files, mailing lists, subscription files,  
9 market research, credit reports, surveys, real estate  
10 listings, bond rating reports, abstracts of title, bad check  
11 lists, broadcasting rating services, wire services, and  
12 scouting reports, or other similar items.

13 66. The sales price of a sale at retail if the substance  
14 of the transaction is delivered to the purchaser digitally,  
15 electronically, or utilizing cable, or by radio waves,  
16 microwaves, satellites, or fiber optics.

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

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

22 (2) The sale takes place during a period beginning at  
23 12:01 a.m. on the first Friday in August and ending at  
24 midnight on the following Saturday.

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

26 (1) Sport or recreational equipment and protective  
27 equipment.

28 (2) Clothing accessories or equipment.

29 (3) The rental of clothing.

30 c. For purposes of this subsection:

31 (1) "Clothing" means all human wearing apparel suitable  
32 for general use. "Clothing" includes, but is not limited to  
33 the following: aprons, household and shop; athletic  
34 supporters; baby receiving blankets; bathing suits and caps;  
35 beach capes and coats; belts and suspenders; boots; coats and ]

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

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

17 (2) "Clothing accessories or equipment" means incidental  
18 items worn on the person or in conjunction with clothing.

19 "Clothing accessories or equipment" includes, but is not  
20 limited to, the following: briefcases; cosmetics; hair  
21 notions (including, but not limited to, barrettes, hair bows,  
22 and hair nets); handbags; handkerchiefs; jewelry; sunglasses,  
23 nonprescription; umbrellas; wallets; watches; and wigs and  
24 hairpieces.

25 (3) "Protective equipment" means items for human wear and  
26 designed as protection for the wearer against injury or  
27 disease or as protection against damage or injury of other  
28 persons or property but not suitable for general use.

29 "Protective equipment" includes, but is not limited to, the  
30 following: breathing masks; clean room apparel and equipment;  
31 ear and hearing protectors; face shields; hard hats; helmets;  
32 paint or dust respirators; protective gloves; safety glasses  
33 and goggles; safety belts; tool belts; and welders gloves and  
34 masks.

35 (4) "Sport or recreational equipment" means items designed ]



1 [for human use and worn in conjunction with an athletic or  
2 recreational activity that are not suitable for general use.  
3 "Sport or recreational equipment" includes, but is not limited  
4 to, the following: ballet and tap shoes; cleated or spiked  
5 athletic shoes; gloves (including, but not limited to,  
6 baseball, bowling, boxing, hockey, and golf); goggles; hand  
7 and elbow guards; life preservers and vests; mouth guards;  
8 roller and ice skates; shin guards; shoulder pads; ski boots;  
9 waders; and wetsuits and fins.

10 68. a. Subject to paragraph "b", the sales price from the  
11 sale or furnishing of metered gas, electricity, and fuel,  
12 including propane and heating oil, to residential customers  
13 which is used to provide energy for residential dwellings and  
14 units of apartment and condominium complexes used for human  
15 occupancy.

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

18 (1) If the date of the utility billing or meter reading  
19 cycle of the residential customer for the sale or furnishing  
20 of metered gas and electricity is on or after January 1, 2002,  
21 through December 31, 2002, or if the sale or furnishing of  
22 fuel for purposes of residential energy and the delivery of  
23 the fuel occurs on or after January 1, 2002, through December  
24 31, 2002, the rate of tax is four percent of the sales price.

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

32 (3) If the date of the utility billing or meter reading  
33 cycle of the residential customer for the sale or furnishing  
34 of metered gas and electricity is on or after January 1, 2004,  
35 through December 31, 2004, or if the sale or furnishing of ]

1 [fuel for purposes of residential energy and the delivery of  
2 the fuel occurs on or after January 1, 2004, through December  
3 31, 2004, the rate of tax is two percent of the sales price.

4 (4) If the date of the utility billing or meter reading  
5 cycle of the residential customer for the sale or furnishing  
6 of metered gas and electricity is on or after January 1, 2005,  
7 through December 31, 2005, or if the sale or furnishing of  
8 fuel for purposes of residential energy and the delivery of  
9 the fuel occurs on or after January 1, 2005, through December  
10 31, 2005, the rate of tax is one percent of the sales price.

11 (5) If the date of the utility billing or meter reading  
12 cycle of the residential customer for the sale or furnishing  
13 of metered gas and electricity is on or after January 1, 2006,  
14 or if the sale, furnishing, or service of fuel for purposes of  
15 residential energy and the delivery of the fuel occurs on or  
16 after January 1, 2006, the rate of tax is zero percent of the  
17 sales price.

18 c. The exemption in this subsection does not apply to  
19 local option sales and services tax imposed pursuant to  
20 chapters 423B and 423E.

21 69. The sales price from charges paid for the delivery of  
22 electricity or natural gas if the sale or furnishing of the  
23 electricity or natural gas or its use is exempt from the tax  
24 on sales prices imposed under this subchapter or from the use  
25 tax imposed under subchapter III.

26 70. The sales price from the sales, furnishing, or service  
27 of transportation service except the rental of recreational  
28 vehicles or recreational boats, except the rental of motor  
29 vehicles subject to registration which are registered for a  
30 gross weight of thirteen tons or less for a period of sixty  
31 days or less, and except the rental of aircraft for a period  
32 of sixty days or less. This exemption does not apply to the  
33 transportation of electric energy or natural gas.

34 71. The sales price from sales of tangible personal  
35 property used or to be used as railroad rolling stock for ]

1 [transporting persons or property, or as materials or parts  
2 therefor.

3 72. The sales price from the sales of special fuel for  
4 diesel engines consumed or used in the operation of ships,  
5 barges, or waterborne vessels which are used primarily in or  
6 for the transportation of property or cargo, or the conveyance  
7 of persons for hire on rivers bordering on the state if the  
8 fuel is delivered by the seller to the purchaser's barge,  
9 ship, or waterborne vessel while it is afloat upon such a  
10 river.

11 73. The sales price from sales of vehicles subject to  
12 registration or subject only to the issuance of a certificate  
13 of title and sales of aircraft subject to registration under  
14 section 328.20.

15 74. The sales price from the sale of aircraft for use in a  
16 scheduled interstate federal aviation administration  
17 certificated air carrier operation.

18 75. The sales price from the sale or rental of aircraft;  
19 the sale or rental of tangible personal property permanently  
20 affixed or attached as a component part of the aircraft,  
21 including but not limited to repair or replacement materials  
22 or parts; and the sales price of all services used for  
23 aircraft repair, remodeling, and maintenance services when  
24 such services are performed on aircraft, aircraft engines, or  
25 aircraft component materials or parts. For the purposes of  
26 this exemption, "aircraft" means aircraft used in a scheduled  
27 interstate federal aviation administration certificated air  
28 carrier operation.

29 76. The sales price from the sale or rental of tangible  
30 personal property permanently affixed or attached as a  
31 component part of the aircraft, including but not limited to  
32 repair or replacement materials or parts; and the sales price  
33 of all services used for aircraft repair, remodeling, and  
34 maintenance services when such services are performed on  
35 aircraft, aircraft engines, or aircraft component materials or ]

1 [parts. For the purposes of this exemption, "aircraft" means  
2 aircraft used in nonscheduled interstate federal aviation  
3 administration certificated air carrier operation operating  
4 under 14 C.F.R. ch. 1, pt. 135.

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

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

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

12 c. The renter or lessee is aware that the dealer will  
13 immediately take the aircraft when a buyer is found.

14 If an aircraft exempt under this subsection is used for any  
15 purpose other than leasing or renting, or the conditions in  
16 paragraphs "a", "b", and "c" are not continuously met, the  
17 dealer claiming the exemption under this subsection is liable  
18 for the tax that would have been due except for this  
19 subsection. The tax shall be computed upon the original  
20 purchase price.

21 78. The sales price from sales or rental of tangible  
22 personal property, or services rendered by any entity where  
23 the profits from the sales or rental of the tangible personal  
24 property, or services rendered are used by or donated to a  
25 nonprofit entity which is exempt from federal income taxation  
26 pursuant to section 501(c)(3) of the Internal Revenue Code, a  
27 government entity, or a nonprofit private educational  
28 institution, and where the entire proceeds from the sales,  
29 rental, or services are expended for any of the following  
30 purposes:

31 a. Educational.

32 b. Religious.

33 c. Charitable. A charitable act is an act done out of  
34 goodwill, benevolence, and a desire to add to or to improve  
35 the good of humankind in general or any class or portion of ]

1 [humankind, with no pecuniary profit inuring to the person  
2 performing the service or giving the gift.

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

10 79. The sales price from the sale or rental of tangible  
11 personal property or from services furnished to a recognized  
12 community action agency as provided in section 216A.93 to be  
13 used for the purposes of the agency.

14 80. a. For purposes of this subsection, "designated  
15 exempt entity" means an entity which is designated in section  
16 423.4, subsection 1.

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

26 c. Where the owner, contractor, subcontractor, or builder  
27 is also a retailer holding a retail sales tax permit and  
28 transacting retail sales of building materials, supplies, and  
29 equipment, the tax shall not be due when materials are  
30 withdrawn from inventory for use in construction performed for  
31 a designated exempt entity if an exemption certificate is  
32 received from such entity.

33 d. Tax shall not apply to tangible personal property  
34 purchased and consumed by a manufacturer as building  
35 materials, supplies, or equipment in the performance of a ]

1 [construction contract for a designated exempt entity, if a  
2 purchasing agent authorization letter and an exemption  
3 certificate are received from such entity and presented to a  
4 retailer.

5 Sec. 52. NEW SECTION. 423.4 REFUNDS.

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

1 [chapter other than goods, wares, or merchandise used in the  
2 performance of a contract for a "project" under chapter 419  
3 for which a bond issue was approved by a municipality prior to  
4 July 1, 1968, or for which the goods, wares, or merchandise  
5 becomes an integral part of the project under contract and at  
6 the completion of the project becomes public property or is  
7 devoted to educational uses.

8 a. Such contractor shall state under oath, on forms  
9 provided by the department, the amount of such sales of goods,  
10 wares, or merchandise, or services furnished and used in the  
11 performance of such contract, and upon which sales or use tax  
12 has been paid, and shall file such forms with the governmental  
13 unit, private nonprofit educational institution, or nonprofit  
14 private museum which has made any written contract for  
15 performance by the contractor. The forms shall be filed by  
16 the contractor with the governmental unit, educational  
17 institution, or nonprofit private museum before final  
18 settlement is made.

19 b. Such governmental unit, educational institution, or  
20 nonprofit private museum shall, not more than one year after  
21 the final settlement has been made, make application to the  
22 department for any refund of the amount of the sales or use  
23 tax which shall have been paid upon any goods, wares, or  
24 merchandise, or services furnished, the application to be made  
25 in the manner and upon forms to be provided by the department,  
26 and the department shall forthwith audit the claim and, if  
27 approved, issue a warrant to the governmental unit,  
28 educational institution, or nonprofit private museum in the  
29 amount of the sales or use tax which has been paid to the  
30 state of Iowa under the contract.

31 Refunds authorized under this subsection shall accrue  
32 interest at the rate in effect under section 421.7 from the  
33 first day of the second calendar month following the date the  
34 refund claim is received by the department.

35 c. Any contractor who willfully makes a false report of ]

1 [tax paid under the provisions of this subsection is guilty of  
2 a simple misdemeanor and in addition shall be liable for the  
3 payment of the tax and any applicable penalty and interest.

4 2. The refund of sales and use tax paid on transportation  
5 construction projects let by the state department of  
6 transportation is subject to the special provisions of this  
7 subsection.

8 a. A contractor awarded a contract for a transportation  
9 construction project is considered the consumer of all  
10 building materials, building supplies, and equipment and shall  
11 pay sales tax to the supplier or remit consumer use tax  
12 directly to the department.

13 b. The contractor is not required to file information with  
14 the state department of transportation stating the amount of  
15 goods, wares, or merchandise, or services rendered, furnished,  
16 or performed and used in the performance of the contract or  
17 the amount of sales or use tax paid.

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

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

22 (2) The estimated cost of these materials included in the  
23 items of work, and the state sales or use tax to be paid on  
24 the tax rate in effect in section 423.2. The quantity of  
25 materials shall be determined after each letting based on the  
26 contract quantities of all items of work let to contract. The  
27 quantity of individual component materials required for each  
28 item shall be determined and maintained in a database. The  
29 total quantities of materials shall be determined by  
30 multiplying the quantities of component materials for each  
31 contract item of work by the total quantities of each contract  
32 item for each letting. Where variances exist in the cost of  
33 materials, the lowest cost shall be used as the base cost.

34 d. Only the state sales or use tax is refundable. Local  
35 option taxes paid by the contractor are not refundable.]



1 [3. A relief agency may apply to the director for refund of  
2 the amount of sales or use tax imposed and paid upon sales to  
3 it of any goods, wares, merchandise, or services furnished,  
4 used for free distribution to the poor and needy.

5 a. The refunds may be obtained only in the following  
6 amounts and manner and only under the following conditions:

7 (1) On forms furnished by the department, and filed within  
8 the time as the director shall provide by rule, the relief  
9 agency shall report to the department the total amount or  
10 amounts, valued in money, expended directly or indirectly for  
11 goods, wares, merchandise, or services furnished, used for  
12 free distribution to the poor and needy.

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

17 (3) The relief agency must prove to the satisfaction of  
18 the director that the person making the sales has included the  
19 amount thereof in the computation of the sales price of such  
20 person and that such person has paid the tax levied by this  
21 subchapter or subchapter III, based upon such computation of  
22 the sales price.

23 b. If satisfied that the foregoing conditions and  
24 requirements have been complied with, the director shall  
25 refund the amount claimed by the relief agency.

26 SUBCHAPTER III

27 USE TAX

28 Sec. 53. NEW SECTION. 423.5 IMPOSITION OF TAX.

29 An excise tax at the rate of five percent of the purchase  
30 price or installed purchase price is imposed on the following:

31 1. The use in this state of tangible personal property as  
32 defined in section 423.1, including aircraft subject to  
33 registration under section 328.20, purchased for use in this  
34 state. For the purposes of this subchapter, the furnishing or  
35 use of the following services is also treated as the use of ]

1 [tangible personal property: optional service or warranty  
2 contracts, except residential service contracts regulated  
3 under chapter 523C, vulcanizing, recapping, or retreading  
4 services, engraving, photography, retouching, printing, or  
5 binding services, and communication service when furnished or  
6 delivered to consumers or users within this state.

7 2. The use of manufactured housing in this state, on the  
8 purchase price if the manufactured housing is sold in the form  
9 of tangible personal property or on the installed purchase  
10 price if the manufactured housing is sold in the form of  
11 realty.

12 3. The use of leased vehicles, on the amount subject to  
13 tax as calculated pursuant to section 423.27.

14 4. Purchases of tangible personal property made from the  
15 government of the United States or any of its agencies by  
16 ultimate consumers shall be subject to the tax imposed by this  
17 section. Services purchased from the same source or sources  
18 shall be subject to the service tax imposed by this subchapter  
19 and apply to the user of the services.

20 5. The use in this state of services enumerated in section  
21 423.2. This tax is applicable where services are furnished in  
22 this state or where the product or result of the service is  
23 used in this state.

24 6. The excise tax is imposed upon every person using the  
25 property within this state until the tax has been paid  
26 directly to the county treasurer, the state department of  
27 transportation, a retailer, or the department. This tax is  
28 imposed on every person using the services or the product of  
29 the services in this state until the user has paid the tax  
30 either to an Iowa use tax permit holder or to the department.

31 7. For the purpose of the proper administration of the use  
32 tax and to prevent its evasion, evidence that tangible  
33 personal property was sold by any person for delivery in this  
34 state shall be prima facie evidence that such tangible  
35 personal property was sold for use in this state.]

1 [Sec. 54. NEW SECTION. 423.6 EXEMPTIONS.

2 The use in this state of the following tangible personal  
3 property and services is exempted from the tax imposed by this  
4 subchapter:

5 1. Tangible personal property and enumerated services, the  
6 sales price from the sale of which are required to be included  
7 in the measure of the sales tax, if that tax has been paid to  
8 the department or the retailer. This exemption does not  
9 include vehicles subject to registration or subject only to  
10 the issuance of a certificate of title.

11 2. The sale of tangible personal property or the  
12 furnishing of services in the regular course of business.

13 3. Property used in processing. The use of property in  
14 processing within the meaning of this subsection shall mean  
15 and include any of the following:

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

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

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

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

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

1 [5. Services exempt from taxation by the provisions of  
2 section 423.3.

3 6. Tangible personal property or services the sales price  
4 of which is exempt from the sales tax under section 423.3,  
5 except subsections 39 and 73, as it relates to the sale, but  
6 not the lease or rental, of vehicles subject to registration  
7 or subject only to the issuance of a certificate of title and  
8 as it relates to aircraft subject to registration under  
9 section 328.20.

10 7. Advertisement and promotional material and matter, seed  
11 catalogs, envelopes for same, and other similar material  
12 temporarily stored in this state which are acquired outside of  
13 Iowa and which, subsequent to being brought into this state,  
14 are sent outside of Iowa, either singly or physically attached  
15 to other tangible personal property sent outside of Iowa.

16 8. Vehicles, as defined in section 321.1, subsections 41,  
17 64A, 71, 85, and 88, except such vehicles subject to  
18 registration which are designed primarily for carrying  
19 persons, when purchased for lease and actually leased to a  
20 lessee for use outside the state of Iowa and the subsequent  
21 sole use in Iowa is in interstate commerce or interstate  
22 transportation.

23 9. Tangible personal property which, by means of  
24 fabrication, compounding, or manufacturing, becomes an  
25 integral part of vehicles, as defined in section 321.1,  
26 subsections 41, 64A, 71, 85, and 88, manufactured for lease  
27 and actually leased to a lessee for use outside the state of  
28 Iowa and the subsequent sole use in Iowa is in interstate  
29 commerce or interstate transportation. Vehicles subject to  
30 registration which are designed primarily for carrying persons  
31 are excluded from this subsection.

32 10. Vehicles subject to registration which are transferred  
33 from a business or individual conducting a business within  
34 this state as a sole proprietorship, partnership, or limited  
35 liability company to a corporation formed by the sole ]

1 [proprietorship, partnership, or limited liability company for  
2 the purpose of continuing the business when all of the stock  
3 of the corporation so formed is owned by the sole proprietor  
4 and the sole proprietor's spouse, by all the partners in the  
5 case of a partnership, or by all the members in the case of a  
6 limited liability company. This exemption is equally  
7 available where the vehicles subject to registration are  
8 transferred from a corporation to a sole proprietorship,  
9 partnership, or limited liability company formed by that  
10 corporation for the purpose of continuing the business when  
11 all of the incidents of ownership are owned by the same person  
12 or persons who were stockholders of the corporation.

13 This exemption also applies where the vehicles subject to  
14 registration are transferred from a corporation as part of the  
15 liquidation of the corporation to its stockholders if within  
16 three months of such transfer the stockholders retransfer  
17 those vehicles subject to registration to a sole  
18 proprietorship, partnership, or limited liability company for  
19 the purpose of continuing the business of the corporation when  
20 all of the incidents of ownership are owned by the same person  
21 or persons who were stockholders of the corporation.

22 11. Vehicles registered or operated under chapter 326 and  
23 used substantially in interstate commerce, section 423.5,  
24 subsection 7, notwithstanding. For purposes of this  
25 subsection, "substantially in interstate commerce" means that  
26 a minimum of twenty-five percent of the miles operated by the  
27 vehicle accrues in states other than Iowa. This subsection  
28 applies only to vehicles which are registered for a gross  
29 weight of thirteen tons or more.

30 For purposes of this subsection, trailers and semitrailers  
31 registered or operated under chapter 326 are deemed to be used  
32 substantially in interstate commerce and to be registered for  
33 a gross weight of thirteen tons or more.

34 For the purposes of this subsection, if a vehicle meets the  
35 requirement that twenty-five percent of the miles operated ]

1 [accrues in states other than Iowa in each year of the first  
2 four-year period of operation, the exemption from use tax  
3 shall continue until the vehicle is sold or transferred. If  
4 the vehicle is found to have not met the exemption  
5 requirements or the exemption was revoked, the value of the  
6 vehicle upon which the use tax shall be imposed is the book or  
7 market value, whichever is less, at the time the exemption  
8 requirements were not met or the exemption was revoked.

9 12. Mobile homes and manufactured housing the use of which  
10 has previously been subject to the tax imposed under this  
11 subchapter and for which that tax has been paid.

12 13. Mobile homes to the extent of the portion of the  
13 purchase price of the mobile home which is not attributable to  
14 the cost of the tangible personal property used in the  
15 processing of the mobile home, and manufactured housing to the  
16 extent of the purchase price or the installed purchase price  
17 of the manufactured housing which is not attributable to the  
18 cost of the tangible personal property used in the processing  
19 of the manufactured housing. For purposes of this exemption,  
20 the portion of the purchase price which is not attributable to  
21 the cost of the tangible personal property used in the  
22 processing of the mobile home is forty percent and the portion  
23 of the purchase price or installed purchase price which is not  
24 attributable to the cost of the tangible personal property  
25 used in the processing of the manufactured housing is forty  
26 percent.

27 14. Tangible personal property used or to be used as a  
28 ship, barge, or waterborne vessel which is used or to be used  
29 primarily in or for the transportation of property or cargo  
30 for hire on the rivers bordering the state or as materials or  
31 parts of such ship, barge, or waterborne vessel.

32 15. Vehicles subject to registration in any state when  
33 purchased for rental or registered and titled by a motor  
34 vehicle dealer licensed pursuant to chapter 322 for rental  
35 use, and held for rental for a period of one hundred twenty]

1 [days or more and actually rented for periods of sixty days or  
2 less by a person regularly engaged in the business of renting  
3 vehicles including, but not limited to, motor vehicle dealers  
4 licensed pursuant to chapter 322 who rent automobiles to  
5 users, if the rental of the vehicles is subject to taxation  
6 under chapter 423C.

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

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

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

16 c. The user was aware of this situation.

17 17. Vehicles subject to registration under chapter 321,  
18 with a gross vehicle weight rating of less than sixteen  
19 thousand pounds, excluding motorcycles and motorized bicycles,  
20 when purchased for lease and titled by the lessor licensed  
21 pursuant to chapter 321F and actually leased for a period of  
22 twelve months or more if the lease of the vehicle is subject  
23 to taxation under section 423.27.

24 A lessor may maintain the exemption from use tax under this  
25 subsection for a qualifying lease that terminates at the  
26 conclusion or prior to the contracted expiration date, if the  
27 lessor does not use the vehicle for any purpose other than for  
28 lease. Once the vehicle is used by the lessor for a purpose  
29 other than for lease, the exemption from use tax under this  
30 subsection no longer applies and, unless there is an exemption  
31 from the use tax, use tax is due on the fair market value of  
32 the vehicle determined at the time the lessor uses the vehicle  
33 for a purpose other than for lease, payable to the department.  
34 If the lessor holds the vehicle exclusively for sale, use tax  
35 is due and payable on the purchase price of the vehicle at the ]

1 [time of purchase pursuant to this subchapter.

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

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

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

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

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

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

30 c. The renter or lessee is aware that the dealer will  
31 immediately take the aircraft when a buyer is found.

32 If an aircraft exempt under this subsection is used for any  
33 purpose other than leasing or renting, or the conditions in  
34 paragraphs "a", "b", and "c" are not continuously met, the  
35 dealer claiming the exemption under this subsection is liable ]



1 [for the tax that would have been due except for this  
2 subsection. The tax shall be computed upon the original  
3 purchase price.

4 22. The use in this state of building materials, supplies,  
5 or equipment, the sale or use of which is not treated as a  
6 retail sale or a sale at retail under section 423.2,  
7 subsection 1.

8 23. Exempted from the purchase price of any vehicle  
9 subject to registration is:

10 a. The amount of any cash rebate which is provided by a  
11 motor vehicle manufacturer to the purchaser of the vehicle  
12 subject to registration so long as the rebate is applied to  
13 the purchase price of the vehicle.

14 b. That in transactions, except those subject to paragraph  
15 "c", in which tangible personal property is traded toward the  
16 purchase price of other tangible personal property the  
17 purchase price is only that portion of the purchase price  
18 which is payable in money to the retailer if the following  
19 conditions are met:

20 (1) The tangible personal property traded to the retailer  
21 is the type of property normally sold in the regular course of  
22 the retailer's business.

23 (2) The tangible personal property traded to the retailer  
24 is intended by the retailer to be ultimately sold at retail or  
25 is intended to be used by the retailer or another in the  
26 remanufacturing of a like item.

27 c. In a transaction between persons, neither of which is a  
28 retailer of vehicles subject to registration, in which a  
29 vehicle subject to registration is traded toward the purchase  
30 price of another vehicle subject to registration, the amount  
31 of the trade-in value allowed on the vehicle subject to  
32 registration traded.

33 SUBCHAPTER IV

34 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

35 Sec. 55. NEW SECTION. 423.7 TITLE.]

1 [This subchapter shall be known and may be cited as the  
2 "Uniform Sales and Use Tax Administration Act".

3 Sec. 56. NEW SECTION. 423.8 LEGISLATIVE FINDING AND  
4 INTENT.

5 The general assembly finds that Iowa should enter into an  
6 agreement with one or more states to simplify and modernize  
7 sales and use tax administration in order to substantially  
8 reduce the burden of tax compliance for all sellers and for  
9 all types of commerce. It is the intent of the general  
10 assembly that entering into this agreement will lead to  
11 simplification and modernization of the sales and use tax law  
12 and not to the imposition of new taxes or an increase or  
13 decrease in the existing number of exemptions, unless such a  
14 result is unavoidable under the terms of the agreement.

15 Sec. 57. NEW SECTION. 423.9 AUTHORITY TO ENTER AGREEMENT  
16 AND TO REPRESENT THE STATE.

17 The director is authorized and directed to enter into the  
18 streamlined sales and use tax agreement with one or more  
19 states to simplify and modernize sales and use tax  
20 administration in order to substantially reduce the burden of  
21 tax compliance for all sellers and for all types of commerce.

22 The director is further authorized to take other actions  
23 reasonably required to implement the provisions set forth in  
24 this chapter. Other actions authorized by this section  
25 include, but are not limited to, the adoption of rules and the  
26 joint 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 authorized to be  
29 a member of the governing board established pursuant to the  
30 agreement and to represent Iowa before that body.

31 Sec. 58. NEW SECTION. 423.10 RELATIONSHIP TO STATE LAW.

32 Entry into the agreement by the director does not amend or  
33 modify any law of this state. Implementation of any condition  
34 of the agreement in this state, whether adopted before, at, or  
35 after membership of this state in the agreement, shall be by ]

1 [action of the general assembly.

2 Sec. 59. NEW SECTION. 423.11 AGREEMENT REQUIREMENTS.

3 The director shall not enter into the agreement unless the  
4 agreement requires each state to abide by the following  
5 requirements:

6 1. UNIFORM STATE RATE. The agreement must set  
7 restrictions to achieve more uniform state rates through the  
8 following:

9 a. Limiting the number of state rates.

10 b. Limiting the application of maximums on the amount of  
11 state tax that is due on a transaction.

12 c. Limiting the application of thresholds on the  
13 application of state tax.

14 2. UNIFORM STANDARDS. The agreement must establish  
15 uniform standards for the following:

16 a. The sourcing of transactions to taxing jurisdictions.

17 b. The administration of exempt sales.

18 c. The allowances a seller can take for bad debts.

19 d. Sales and use tax returns and remittances.

20 3. UNIFORM DEFINITIONS. The agreement must require states  
21 to develop and adopt uniform definitions of sales and use tax  
22 terms. The definitions must enable a state to preserve its  
23 ability to make policy choices not inconsistent with the  
24 uniform definitions.

25 4. CENTRAL REGISTRATION. The agreement must provide a  
26 central, electronic registration system that allows a seller  
27 to register to collect and remit sales and use taxes for all  
28 member states.

29 5. NO NEXUS ATTRIBUTION. The agreement must provide that  
30 registration with the central registration system and the  
31 collection of sales and use taxes in the member states must  
32 not be used as a factor in determining whether the seller has  
33 nexus with a state for any tax.

34 6. LOCAL SALES AND USE TAXES. The agreement must provide  
35 for reduction of the burdens of complying with local sales and ]

1 [use taxes through the following:

2 a. Restricting variances between the state and local tax  
3 bases.

4 b. Requiring states to administer any sales and use taxes  
5 levied by local jurisdictions within the state so that sellers  
6 collecting and remitting these taxes must not have to register  
7 or file returns with, remit funds to, or be subject to  
8 independent audits from local taxing jurisdictions.

9 c. Restricting the frequency of changes in the local sales  
10 and use tax rates and setting effective dates for the  
11 application of local jurisdictional boundary changes to local  
12 sales and use taxes.

13 d. Providing notice of changes in local sales and use tax  
14 rates and of changes in the boundaries of local taxing  
15 jurisdictions.

16 7. MONETARY ALLOWANCES. The agreement must outline any  
17 monetary allowances that are to be provided by the states to  
18 sellers or certified service providers.

19 8. STATE COMPLIANCE. The agreement must require each  
20 state to certify compliance with the terms of the agreement  
21 prior to joining and to maintain compliance, under the laws of  
22 the member state, with all provisions of the agreement while a  
23 member.

24 9. CONSUMER PRIVACY. The agreement must require each  
25 state to adopt a uniform policy for certified service  
26 providers that protects the privacy of consumers and maintains  
27 the confidentiality of tax information.

28 10. ADVISORY COUNCILS. The agreement must provide for the  
29 appointment of an advisory council of private sector  
30 representatives and an advisory council of nonmember state  
31 representatives to consult with in the administration of the  
32 agreement.

33 Sec. 60. NEW SECTION. 423.12 LIMITED BINDING AND  
34 BENEFICIAL EFFECT.

35 1. The agreement binds and inures only to the benefit of ]

1 [Iowa and the other member states. A person, other than a  
2 member state, is not an intended beneficiary of the agreement.  
3 Any benefit to a person other than a member state is  
4 established by the law of Iowa and not by the terms of the  
5 agreement.

6 2. A person shall not have any cause of action or defense  
7 under the agreement or by virtue of this state's entry into  
8 the agreement. A person may not challenge, in any action  
9 brought under any provision of law, any action or inaction by  
10 any department, agency, or other instrumentality of this  
11 state, or any political subdivision of this state on the  
12 ground that the action or inaction is inconsistent with the  
13 agreement.

14 3. A law of this state, or the application of it, shall  
15 not be declared invalid as to any such person or circumstance  
16 on the ground that the provision or application is  
17 inconsistent with the agreement.

18 SUBCHAPTER V

19 SALES AND USE TAX ACT -- ADMINISTRATION OF  
20 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
21 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

22 Sec. 61. NEW SECTION. 423.13 PURPOSE OF THIS SUBCHAPTER.

23 The purpose of this subchapter is to provide for the  
24 administration and collection of sales or use tax on the part  
25 of retailers who are not registered under the agreement and  
26 for the collection of use tax on the part of consumers who are  
27 obligated to pay that tax directly. Any application of the  
28 sections of this subchapter to retailers registered under the  
29 agreement is only by way of incorporation by reference into  
30 subchapter VI of this chapter.

31 Sec. 62. NEW SECTION. 423.14 SALES AND USE TAX  
32 COLLECTION.

33 1. a. Sales tax, other than that described in paragraph  
34 "c", shall be collected by sellers who are retailers or by  
35 their agents. Sellers or their agents shall, as far as ]

1 [practicable, add the sales tax, or the average equivalent  
2 thereof, to the sales price or charge, less trade-ins allowed  
3 and taken and when added such tax shall constitute a part of  
4 the sales price or charge, shall be a debt from consumer or  
5 user to seller or agent until paid, and shall be recoverable  
6 at law in the same manner as other debts.

7     b. In computing the tax to be collected as the result of  
8 any transaction, the tax computation must be carried to the  
9 third decimal place. Whenever the third decimal place is  
10 greater than four, the tax must be rounded up to the next  
11 whole cent; whenever the third decimal place is four or less,  
12 the tax must be rounded downward to a whole cent. Sellers may  
13 elect to compute the tax due on transactions on an item or  
14 invoice basis. Sellers are not required to use a bracket  
15 system.

16     c. The tax imposed upon those sales of motor vehicle fuel  
17 which are subject to tax and refund under chapter 452A shall  
18 be collected by the state treasurer by way of deduction from  
19 refunds otherwise allowable under that chapter. The treasurer  
20 shall transfer the amount of such deductions from the motor  
21 vehicle fuel tax fund to the special tax fund.

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

23     a. The tax upon the use of all vehicles subject to  
24 registration or subject only to the issuance of a certificate  
25 of title or the tax upon the use of manufactured housing shall  
26 be collected by the county treasurer or the state department  
27 of transportation pursuant to sections 423.26 and 423.27. The  
28 county treasurer shall retain one dollar from each tax payment  
29 collected, to be credited to the county general fund.

30     b. The tax upon the use of all tangible personal property  
31 other than that enumerated in paragraph "a", which is sold by  
32 a seller who is a retailer maintaining a place of business in  
33 this state, or by such other retailer or agent as the director  
34 shall authorize pursuant to section 423.30, shall be collected  
35 by the retailer or agent and remitted to the department, ]

1 [pursuant to the provisions of paragraph "e", and sections  
2 423.24, 423.29, 423.30, 423.32, and 423.33.

3 c. The tax upon the use of all tangible personal property  
4 not paid pursuant to paragraphs "a" and "b" shall be paid to  
5 the department directly by any person using the property  
6 within this state, pursuant to the provisions of section  
7 423.34.

8 d. The tax imposed on the use of services enumerated in  
9 section 423.5 shall be collected, remitted, and paid to the  
10 department of revenue and finance in the same manner as use  
11 tax on tangible personal property is collected, remitted, and  
12 paid under this subchapter.

13 e. All persons obligated by paragraph "a", "b", or "d", to  
14 collect use tax shall, as far as practicable, add that tax, or  
15 the average equivalent thereof, to the purchase price, less  
16 trade-ins allowed and taken, and when added the tax shall  
17 constitute a part of the purchase price. Use tax which this  
18 section requires to be collected by a retailer and any tax  
19 collected pursuant to this section by a retailer shall  
20 constitute a debt owed by the retailer to this state. Tax  
21 which must be paid directly to the department, pursuant to  
22 paragraph "c" or "d", is to be computed and added by the  
23 consumer or user to the purchase price in the same manner as  
24 this paragraph requires a seller to compute and add the tax.  
25 The tax shall be a debt from the consumer or user to the  
26 department until paid, and shall be recoverable at law in the  
27 same manner as other debts.

28 Sec. 63. NEW SECTION. 423.15 GENERAL SOURCING RULES.

29 All sellers obligated to collect Iowa sales or use tax  
30 shall use the standards set out in this section to determine  
31 where sales of products occur, excluding sales enumerated in  
32 section 423.16. These provisions apply regardless of the  
33 characterization of a product as tangible personal property, a  
34 digital good, or a service, excluding telecommunications  
35 services. This section only applies to determine a seller's ]

1 [Obligation to pay or collect and remit a sales or use tax with  
2 respect to the seller's sale of a product. This section does  
3 not affect the obligation of a purchaser or lessee to remit  
4 tax on the use of the product to the taxing jurisdictions in  
5 which the use occurs. A seller's obligation to collect Iowa  
6 sales tax or Iowa use tax only occurs if the sale is sourced  
7 to this state. The application of whether Iowa sales tax  
8 applies to sales sourced to Iowa depends upon where the sale  
9 is consummated by delivery.

10 1. Sales, excluding leases or rentals other than leases or  
11 rentals set out in subsection 2, of products shall be sourced  
12 as follows.

13 a. When the product is received by the purchaser at a  
14 business location of the seller, the sale is sourced to that  
15 business location.

16 b. When the product is not received by the purchaser at a  
17 business location of the seller, the sale is sourced to the  
18 location where receipt by the purchaser or the purchaser's  
19 donee, designated as such by the purchaser, occurs, including  
20 the location indicated by instructions for delivery to the  
21 purchaser or donee, known to the seller.

22 c. When paragraphs "a" and "b" do not apply, the sale is  
23 sourced to the location indicated by an address for the  
24 purchaser that is available from the business records of the  
25 seller that are maintained in the ordinary course of the  
26 seller's business when use of this address does not constitute  
27 bad faith.

28 d. When paragraphs "a", "b", and "c" do not apply, the  
29 sale is sourced to the location indicated by an address for  
30 the purchaser obtained during the consummation of the sale,  
31 including the address of a purchaser's payment instrument, if  
32 no other address is available, when use of this address does  
33 not constitute bad faith.

34 e. When paragraphs "a", "b", "c", and "d" do not apply,  
35 including the circumstance where the seller is without ]



1 [sufficient information to apply the previous rules, then the  
2 location will be determined by the address from which tangible  
3 personal property was shipped, from which the digital good or  
4 the computer software delivered electronically was first  
5 available for transmission by the seller, or from which the  
6 service was provided disregarding for these purposes any  
7 location that merely provided the digital transfer of the  
8 product sold.

9 2. The lease or rental of tangible personal property,  
10 other than property identified in subsection 3 or section  
11 423.16, shall be sourced as follows:

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

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

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

32 3. The retail sale, including lease or rental, of  
33 transportation equipment shall be sourced the same as a retail  
34 sale in accordance with the provisions of subsection 1,  
35 notwithstanding the exclusion of lease or rental in that ]

1 subsection. "Transportation equipment" means any of the  
2 following:

3 a. Locomotives or railcars that are utilized for the  
4 carriage of persons or property in interstate commerce.

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

9 (1) Are registered through the international registration  
10 plan.

11 (2) Are operated under authority of a carrier authorized  
12 and certificated by the United States department of  
13 transportation or another federal authority to engage in the  
14 carriage of persons or property in interstate commerce.

15 c. Aircraft that are operated by air carriers authorized  
16 and certificated by the United States department of  
17 transportation or another federal or a foreign authority to  
18 engage in the carriage of persons or property in interstate or  
19 foreign commerce.

20 d. Containers designed for use on and component parts  
21 attached or secured on the items set forth in paragraphs "a"  
22 through "c".

23 Sec. 64. NEW SECTION. 423.16 TRANSACTIONS TO WHICH THE  
24 GENERAL SOURCING RULES DO NOT APPLY.

25 Section 423.15 does not apply to sales or use taxes levied  
26 on the following:

27 1. The retail sale or transfer of watercraft, modular  
28 homes, manufactured housing, or mobile homes, and the retail  
29 sale, excluding lease or rental, of motor vehicles, trailers,  
30 semitrailers, or aircraft that do not qualify as  
31 transportation equipment, as defined in section 423.15,  
32 subsection 3.

33 2. The lease or rental of motor vehicles, trailers,  
34 semitrailers, or aircraft that do not qualify as  
35 transportation equipment, as defined in section 423.15, ]

1 [ subsection 3, which shall be sourced in accordance with  
2 section 423.17.

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

6 4. Transactions to which direct mail sourcing is  
7 applicable, which shall be sourced in accordance with section  
8 423.19.

9 5. Telecommunications services, as set out in section  
10 423.20, which shall be sourced in accordance with section  
11 423.20, subsection 2.

12 Sec. 65. NEW SECTION. 423.17 SOURCING RULES FOR VARIOUS  
13 TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS NOT  
14 TRANSPORTATION EQUIPMENT.

15 The lease or rental of motor vehicles, trailers,  
16 semitrailers, or aircraft that do not qualify as  
17 transportation equipment, as defined in section 423.15,  
18 subsection 3, shall be sourced as follows:

19 1. For a lease or rental that requires recurring periodic  
20 payments, each periodic payment is sourced to the primary  
21 property location. The primary property location shall be as  
22 indicated by an address for the property provided by the  
23 lessee that is available to the lessor from its records  
24 maintained in the ordinary course of business, when use of  
25 this address does not constitute bad faith. This location  
26 shall not be altered by intermittent use at different  
27 locations.

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

32 3. This section does not affect the imposition or  
33 computation of sales or use tax on leases or rentals based on  
34 a lump sum or accelerated basis, or on the acquisition of  
35 property for lease.]

1 [Sec. 66. NEW SECTION. 423.18 MULTIPLE POINTS OF USE  
2 EXEMPTION FORMS.

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

12 1. Upon receipt of the MPU exemption form, the seller is  
13 relieved of all obligation to collect, pay, or remit the  
14 applicable tax and the purchaser shall be obligated to  
15 collect, pay, or remit the applicable tax on a direct pay  
16 basis.

17 2. A purchaser delivering the MPU exemption form may use  
18 any reasonable, but consistent and uniform, method of  
19 apportionment that is supported by the purchaser's business  
20 records as they exist at the time of the consummation of the  
21 sale.

22 3. The MPU exemption form will remain in effect for all  
23 future sales by the seller to the purchaser except as to the  
24 subsequent sale's specific apportionment that is governed by  
25 the principle of subsection 2 and the facts existing at the  
26 time of the sale until it is revoked in writing.

27 4. A holder of a direct pay tax permit under section  
28 423.36 shall not be required to deliver an MPU exemption form  
29 to the seller. A direct pay tax permit holder shall follow  
30 the provisions of subsection 2 in apportioning the tax due on  
31 a digital good, computer software delivered electronically, or  
32 service that will be concurrently available for use in more  
33 than one jurisdiction.

34 Sec. 67. NEW SECTION. 423.19 DIRECT MAIL SOURCING.

35 1. Notwithstanding section 423.15, a purchaser of direct ]

1 [mail that is not a holder of a direct pay tax permit pursuant  
2 to section 423.36 shall provide to the seller in conjunction  
3 with the purchase either a direct mail form or information to  
4 show the jurisdictions to which the direct mail is delivered  
5 to recipients.

6 a. Upon receipt of the direct mail form, the seller is  
7 relieved of all obligations to collect, pay, or remit the  
8 applicable tax and the purchaser is obligated to pay or remit  
9 the applicable tax on a direct pay basis. A direct mail form  
10 shall remain in effect for all future sales of direct mail by  
11 the seller to the purchaser until it is revoked in writing.

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

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

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

31 Sec. 68. NEW SECTION. 423.20 TELECOMMUNICATIONS SERVICE  
32 SOURCING.

33 1. As used in this section:

34 a. "Air-to-ground radiotelephone service" means a radio  
35 service, as that term is used in 47 C.F.R. § 22.99, in which ]

1 [Common carriers are authorized to offer and provide radio  
2 telecommunications service for hire to subscribers in  
3 aircraft.

4 b. "Call-by-call basis" means any method of charging for  
5 the telecommunications service where the price is measured by  
6 individual calls.

7 c. "Communications channel" means a physical or virtual  
8 path of communications over which signals are transmitted  
9 between or among customer channel termination points.

10 d. "Customer" means the person or entity that contracts  
11 with the seller of the telecommunications service. If the end  
12 user of the telecommunications service is not the contracting  
13 party, the end user of the telecommunications service is the  
14 customer of the telecommunications service, but this sentence  
15 only applies for the purpose of sourcing sales of the  
16 telecommunications service under this section. "Customer"  
17 does not include a reseller of a telecommunications service or  
18 for mobile telecommunications service of a serving carrier  
19 under an agreement to serve the customer outside the home  
20 service provider's licensed service area.

21 e. "Customer channel termination point" means the location  
22 where the customer either inputs or receives the  
23 communications.

24 f. "End user" means the person who utilizes the  
25 telecommunications service. In the case of an entity, "end  
26 user" means the individual who utilizes the service on behalf  
27 of the entity.

28 g. "Home service provider" means the same as that term is  
29 defined in the federal Mobile Telecommunications Sourcing Act,  
30 Pub. L. No. 106-252, 4 U.S.C. § 124(5).

31 h. "Mobile telecommunications service" means the same as  
32 that term is defined in federal Mobile Telecommunications  
33 Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 124(7).

34 i. "Place of primary use" means the street address  
35 representative of where the customer's use of the ]

1 [telecommunications service primarily occurs, which must be the  
2 residential street address or the primary business street  
3 address of the customer. In the case of mobile  
4 telecommunications service, "place of primary use" must be  
5 within the licensed service area of the home service provider.

6 j. "Postpaid calling service" means the telecommunications  
7 service obtained by making a payment on a call-by-call basis  
8 either through the use of a credit card or payment mechanism  
9 such as a bank card, travel card, credit card, or debit card,  
10 or by charge made to a telephone number which is not  
11 associated with the origination or termination of the  
12 telecommunications service. A "postpaid calling service"  
13 includes a telecommunications service that would be a prepaid  
14 calling service except it is not exclusively a  
15 telecommunications service.

16 k. "Prepaid calling service" means the right to access  
17 exclusively telecommunications services, which must be paid  
18 for in advance and which enables the origination of calls  
19 using an access number or authorization code, whether manually  
20 or electronically dialed, and that is sold in predetermined  
21 units or dollars of which the amount declines with use in a  
22 known amount.

23 l. "Private communication service" means a  
24 telecommunications service that entitles the customer to  
25 exclusive or priority use of a communications channel or group  
26 of channels between or among termination points, regardless of  
27 the manner in which such channel or channels are connected,  
28 and includes switching capacity, extension lines, stations,  
29 and any other associated services that are provided in  
30 connection with the use of such channel or channels.

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

32 (1) The location of the telecommunications equipment to  
33 which a customer's call is charged and from which the call  
34 originates or terminates, regardless of where the call is  
35 billed or paid.]

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

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

10   2. Sales of telecommunications services shall be sourced  
11 in the following manner:

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

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

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

20   b. Except for the defined telecommunications services in  
21 paragraph "c", a sale of telecommunications services sold on a  
22 basis other than a call-by-call basis is sourced to the  
23 customer's place of primary use.

24   c. Sale of the following telecommunications services shall  
25 be sourced to each level of taxing jurisdiction as follows:

26    (1) A sale of mobile telecommunications services other  
27 than air-to-ground radiotelephone service or prepaid calling  
28 service is sourced to the customer's place of primary use as  
29 required by the federal Mobile Telecommunications Sourcing  
30 Act.

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

34    (a) The seller's telecommunications system.

35    (b) Information received by the seller from its service ]



1 [provider, where the system used to transport such signals is  
2 not that of the seller.

3 (3) A sale of prepaid calling service is sourced in  
4 accordance with section 423.15. However, in the case of a  
5 sale of mobile telecommunications services that is a prepaid  
6 telecommunications service, the rule provided in section  
7 423.15, subsection 1, paragraph "e", shall include as an  
8 option the location associated with the mobile telephone  
9 number.

10 (4) A sale of a private telecommunications service is  
11 sourced as follows:

12 (a) Service for a separate charge related to a customer  
13 channel termination point is sourced to each level of  
14 jurisdiction in which such customer channel termination point  
15 is located.

16 (b) Service where all customer termination points are  
17 located entirely within one jurisdiction or level of  
18 jurisdiction is sourced in such jurisdiction in which the  
19 customer channel termination points are located.

20 (c) Service for segments of a channel between two customer  
21 channel termination points located in different jurisdictions  
22 and which segments of a channel are separately charged is  
23 sourced fifty percent in each level of jurisdiction in which  
24 the customer channel termination points are located.

25 (d) Service for segments of a channel located in more than  
26 one jurisdiction or levels of jurisdiction and which segments  
27 are not separately billed is sourced in each jurisdiction  
28 based on the percentage determined by dividing the number of  
29 customer channel termination points in such jurisdiction by  
30 the total number of customer channel termination points.

31 Sec. 69. NEW SECTION. 423.21 BAD DEBT DEDUCTIONS.

32 1. For the purposes of this section, "bad debt" means an  
33 amount properly calculated pursuant to section 166 of the  
34 Internal Revenue Code then adjusted to exclude financing  
35 charges or interest, sales or use taxes charged on the ]

1 [purchase price, uncollectible amounts on property that remain  
2 in the possession of the seller until the full purchase price  
3 is paid, expenses incurred in attempting to collect any debt,  
4 and repossessed property.

5 2. In computing the amount of tax due, a seller may deduct  
6 bad debts from the total amount upon which the tax is  
7 calculated for any return. Any deduction taken or refund paid  
8 which is attributed to bad debts shall not include interest.

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

20 4. If a deduction is taken for a bad debt and the seller  
21 subsequently collects the debt in whole or in part, the tax on  
22 the amount so collected must be paid and reported on the  
23 return filed for the period in which the collection is made.

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

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

1 [Sec. 70. NEW SECTION. 423.22 TAXATION IN ANOTHER STATE.

2 If any person who causes tangible personal property to be  
3 brought into this state or who uses in this state services  
4 enumerated in section 423.2 has already paid a tax in another  
5 state in respect to the sale or use of the property or the  
6 performance of the service, or an occupation tax in respect to  
7 the property or service, in an amount less than the tax  
8 imposed by subchapter II or III, the provisions of those  
9 subchapters shall apply, but at a rate measured by the  
10 difference only between the rate fixed by subchapter II or III  
11 and the rate by which the previous tax on the sale or use, or  
12 the occupation tax, was computed. If the tax imposed and paid  
13 in the other state is equal to or more than the tax imposed by  
14 those subchapters, then a tax is not due in this state on the  
15 personal property or service.

16 Sec. 71. NEW SECTION. 423.23 SELLERS' AGREEMENTS.

17 Agreements between competing sellers, or the adoption of  
18 appropriate rules and regulations by organizations or  
19 associations of sellers to provide uniform methods for adding  
20 sales or use tax or the average equivalent thereof, and which  
21 do not involve price-fixing agreements otherwise unlawful, are  
22 expressly authorized and shall be held not in violation of  
23 chapter 553 or other antitrust laws of this state. The  
24 director shall cooperate with sellers, organizations, or  
25 associations in formulating agreements and rules.

26 Sec. 72. NEW SECTION. 423.24 ABSORBING TAX PROHIBITED.

27 A seller shall not advertise or hold out or state to the  
28 public or to any purchaser, consumer, or user, directly or  
29 indirectly, that the taxes or any parts thereof imposed by  
30 subchapter II or III will be assumed or absorbed by the seller  
31 or the taxes will not be added to the sales price of the  
32 property sold, or if added that the taxes or any part thereof  
33 will be refunded. Any person violating any of the provisions  
34 of this section within this state is guilty of a simple  
35 misdemeanor.]

1 [Sec. 73. NEW SECTION. 423.25 DIRECTOR'S POWER TO ADOPT  
2 RULES.

3 The director shall have the power to adopt rules for adding  
4 the taxes imposed by subchapters II and III, or the average  
5 equivalents thereof, by providing different methods applying  
6 uniformly to retailers within the same general classification  
7 for the purpose of enabling the retailers to add and collect,  
8 as far as practicable, the amounts of those taxes.

9 Sec. 74. NEW SECTION. 423.26 VEHICLES SUBJECT TO  
10 REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE -- MANUFACTURED  
11 HOUSING.

12 The use tax imposed upon the use of vehicles subject to  
13 registration or subject only to the issuance of a certificate  
14 of title or imposed upon the use of manufactured housing shall  
15 be paid by the owner of the vehicle or of the manufactured  
16 housing to the county treasurer or the state department of  
17 transportation from whom the registration receipt or  
18 certificate of title is obtained. A registration receipt for  
19 a vehicle subject to registration or certificate of title  
20 shall not be issued until the tax has been paid. The county  
21 treasurer or the state department of transportation shall  
22 require every applicant for a registration receipt for a  
23 vehicle subject to registration or certificate of title to  
24 supply information as the county treasurer or the director  
25 deems necessary as to the time of purchase, the purchase  
26 price, installed purchase price, and other information  
27 relative to the purchase of the vehicle or manufactured  
28 housing. On or before the tenth day of each month, the county  
29 treasurer or the state department of transportation shall  
30 remit to the department the amount of the taxes collected  
31 during the preceding month.

32 A person who willfully makes a false statement in regard to  
33 the purchase price of a vehicle subject to taxation under this  
34 section is guilty of a fraudulent practice. A person who  
35 willfully makes a false statement in regard to the purchase ]

1 [price of such a vehicle with the intent to evade the payment  
2 of tax shall be assessed a penalty of seventy-five percent of  
3 the amount of tax unpaid and required to be paid on the actual  
4 purchase price less trade-in allowance.

5 Sec. 75. NEW SECTION. 423.27 MOTOR VEHICLE LEASE TAX.

6 1. The use tax imposed upon the use of leased vehicles  
7 subject to registration under chapter 321, with gross vehicle  
8 weight ratings of less than sixteen thousand pounds, excluding  
9 motorcycles and motorized bicycles, which are leased by a  
10 lessor licensed pursuant to chapter 321F for a period of  
11 twelve months or more shall be paid by the owner of the  
12 vehicle to the county treasurer or state department of  
13 transportation from whom the registration receipt or  
14 certificate of title is obtained. A registration receipt for  
15 a vehicle subject to registration or issuance of a certificate  
16 of title shall not be issued until the tax is paid in the  
17 initial instance. Tax on the lease transaction that does not  
18 require titling or registration of the vehicle shall be  
19 remitted to the department. Tax and the reporting of tax due  
20 to the department shall be remitted on or before fifteen days  
21 from the last day of the month that the vehicle lease tax  
22 becomes due. Failure to timely report or remit any of the tax  
23 when due shall result in a penalty and interest being imposed  
24 on the tax due pursuant to section 423.40, subsection 1, and  
25 section 423.42, subsection 1.

26 2. The amount subject to tax shall be computed on each  
27 separate lease transaction by taking the total of the lease  
28 payments, plus the down payment, and excluding all of the  
29 following:

- 30 a. Title fee.
- 31 b. Registration fees.
- 32 c. Vehicle lease tax pursuant to this section.
- 33 d. Federal excise taxes attributable to the sale of the  
34 vehicle to the owner or to the lease of the vehicle by the  
35 owner.]

1 [e. Optional service or warranty contracts subject to tax  
2 pursuant to section 423.2, subsection 1.

3 f. Insurance.

4 g. Manufacturer's rebate.

5 h. Refundable deposit.

6 i. Finance charges, if any, on items listed in paragraphs  
7 "a" through "h".

8 If any or all of the items in paragraphs "a" through "i"  
9 are excluded from the taxable lease price, the owner shall  
10 maintain adequate records of the amounts of those items. If  
11 the parties to a lease enter into an agreement providing that  
12 the tax imposed under this statute is to be paid by the lessee  
13 or included in the monthly lease payments to be paid by the  
14 lessee, the total cost of the tax shall not be included in the  
15 computation of lease price for the purpose of taxation under  
16 this section. The county treasurer, the state department of  
17 transportation, or the department of revenue and finance shall  
18 require every applicant for a registration receipt for a  
19 vehicle subject to tax under this section to supply  
20 information as the county treasurer or director deems  
21 necessary as to the date of the lease transaction, the lease  
22 price, and other information relative to the lease of the  
23 vehicle.

24 3. On or before the tenth day of each month, the county  
25 treasurer or the state department of transportation shall  
26 remit to the department the amount of the taxes collected  
27 during the preceding month.

28 4. If the lease is terminated prior to the termination  
29 date contained in the lease agreement, no refund shall be  
30 allowed for tax previously paid under this section, except as  
31 provided in section 322G.4.

32 Sec. 76. NEW SECTION. 423.28 SALES TAX REPORT --  
33 DEDUCTION.

34 Motor vehicle or trailer dealers, in making their reports  
35 and returns to the department for the purpose of paying the ]

1 [sales tax, shall be permitted to deduct all sales prices from  
2 retail sales of vehicles subject to registration or subject  
3 only to the issuance of a certificate of title. Sales prices  
4 from sales of vehicles subject to registration or subject only  
5 to the issuance of a certificate of title are exempted from  
6 the sales tax, but, if required by the director, the sales  
7 prices shall be included in the returns made by motor vehicle  
8 or trailer dealers under subchapter II, and proper deductions  
9 taken pursuant to this section.

10 Sec. 77. NEW SECTION. 423.29 COLLECTIONS BY SELLERS.

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

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

27 Sec. 78. NEW SECTION. 423.30 FOREIGN SELLERS NOT  
28 REGISTERED UNDER THE AGREEMENT.

29 The director may, upon application, authorize the  
30 collection of the use tax by any seller who is a retailer not  
31 maintaining a place of business within this state and not  
32 registered under the agreement, who, to the satisfaction of  
33 the director, furnishes adequate security to ensure collection  
34 and payment of the tax. Such sellers shall be issued, without  
35 charge, permits to collect tax subject to any regulations]

1 [which the director shall prescribe. When so authorized, it  
2 shall be the duty of foreign sellers to collect the tax upon  
3 all tangible personal property sold, to the retailer's  
4 knowledge, for use within this state, in the same manner and  
5 subject to the same requirements as a retailer maintaining a  
6 place of business within this state. The authority and permit  
7 may be canceled when, at any time, the director considers the  
8 security inadequate, or that tax can more effectively be  
9 collected from the person using property in this state.

10 The discretionary power granted in this section is extended  
11 to apply in the case of foreign retailers furnishing services  
12 enumerated in section 423.2.

13 Sec. 79. NEW SECTION. 423.31 FILING OF SALES TAX RETURNS  
14 AND PAYMENT OF SALES TAX.

15 1. Each person subject to this section and section 423.36  
16 and in accordance with the provisions of this section and  
17 section 423.36 shall, on or before the last day of the month  
18 following the close of each calendar quarter during which such  
19 person is or has become or ceased being subject to the  
20 provisions of this section and section 423.36, make, sign, and  
21 file a return for the calendar quarter in the form as may be  
22 required. Returns shall show information relating to sales  
23 prices including goods, wares, and services converted to the  
24 use of such person, the amounts of sales prices excluded and  
25 exempt from the tax, the amounts of sales prices subject to  
26 tax, a calculation of tax due, and any other information for  
27 the period covered by the return as may be required. Returns  
28 shall be signed by the retailer or the retailer's authorized  
29 agent and must be certified by the retailer to be correct in  
30 accordance with forms and rules prescribed by the director.

31 2. Persons required to file, or committed to file by  
32 reason of voluntary action or by order of the department,  
33 deposits of taxes due under this subchapter shall be entitled  
34 to take credit against the total quarterly amount of tax due  
35 such amount as shall have been deposited by such persons ]



1 [during that calendar quarter. The balance remaining due after  
2 such credit for deposits shall be entered on the return.  
3 However, such person may be granted an extension of time not  
4 exceeding thirty days for filing the quarterly return, upon a  
5 proper showing of necessity. If an extension is granted, such  
6 person shall have paid by the twentieth day of the month  
7 following the close of such quarter ninety percent of the  
8 estimated tax due.

9 3. The sales tax forms prescribed by the director shall be  
10 referred to as "retailers tax deposit". Deposit forms shall  
11 be signed by the retailer or the retailer's duly authorized  
12 agent, and shall be duly certified by the retailer or agent to  
13 be correct. The director may authorize incorporated banks and  
14 trust companies or other depositories authorized by law which  
15 are depositories or financial agents of the United States, or  
16 of this state, to receive any sales tax imposed under this  
17 chapter, in the manner, at the times, and under the conditions  
18 the director prescribes. The director shall prescribe the  
19 manner, times, and conditions under which the receipt of the  
20 tax by those depositories is to be treated as payment of the  
21 tax to the department.

22 4. Every retailer at the time of making any return  
23 required by this section shall compute and pay to the  
24 department the tax due for the preceding period. The tax on  
25 sales prices from the sale or rental of tangible personal  
26 property under a consumer rental purchase agreement as defined  
27 in section 537.3604, subsection 8, is payable in the tax  
28 period of receipt.

29 5. Upon making application and receiving approval from the  
30 director, a parent corporation and its affiliated corporations  
31 that make retail sales of tangible personal property or  
32 taxable enumerated services may make deposits and file a  
33 consolidated sales tax return for the affiliated group,  
34 pursuant to rules adopted by the director. A parent  
35 corporation and each affiliate corporation that files a ]

1 [consolidated return are jointly and severally liable for all  
2 tax, penalty, and interest found due for the tax period for  
3 which a consolidated return is filed or required to be filed.

4 A business required to file a consolidated sales tax return  
5 shall file a form entitled "schedule of consolidated business  
6 locations" with its quarterly sales tax return that shows the  
7 taxpayer's consolidated permit number, the permit number for  
8 each Iowa business location, the state sales tax amount by  
9 business location, and the amount of state sales tax due on  
10 goods consumed that are not assigned to a specific business  
11 location. Consolidated quarterly sales tax returns that are  
12 not accompanied by the schedule of consolidated business  
13 locations form are considered incomplete and are subject to  
14 penalty under section 421.27.

15 6. If necessary or advisable in order to insure the  
16 payment of the tax, the director may require returns and  
17 payment of the tax to be made for other than quarterly  
18 periods, the provisions of this section, or other provision to  
19 the contrary notwithstanding.

20 Sec. 80. NEW SECTION. 423.32 FILING OF USE TAX RETURNS  
21 AND PAYMENT OF USE TAX.

22 1. A retailer maintaining a place of business in this  
23 state who is required to collect or a user who is required to  
24 pay the use tax or a foreign retailer authorized, pursuant to  
25 section 423.30, to collect the use tax, shall remit to the  
26 department the amount of tax on or before the last day of the  
27 month following each calendar quarterly period. However, a  
28 retailer who collects or owes more than fifteen hundred  
29 dollars in use taxes in a month shall deposit with the  
30 department or in a depository authorized by law and designated  
31 by the director, the amount collected or owed, with a deposit  
32 form for the month as prescribed by the director.

33 a. The deposit form is due on or before the twentieth day  
34 of the month following the month of collection, except a  
35 deposit is not required for the third month of the calendar ]

1 [quarter, and the total quarterly amount, less the amounts  
2 deposited for the first two months of the quarter, is due with  
3 the quarterly report on the last day of the month following  
4 the month of collection. At that time, the retailer shall  
5 file with the department a return for the preceding quarterly  
6 period in the form prescribed by the director showing the  
7 purchase price of the tangible personal property sold by the  
8 retailer during the preceding quarterly period, the use of  
9 which is subject to the use tax imposed by this chapter, and  
10 other information the director deems necessary for the proper  
11 administration of the use tax.

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

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

34 3. The director, in cooperation with the department of  
35 management, may periodically change the filing and remittance ]

1 [Thresholds by administrative rule if in the best interests of  
2 the state and taxpayer to do so.

3 Sec. 81. NEW SECTION. 423.33 LIABILITY OF PERSONS OTHER  
4 THAN RETAILERS FOR PAYMENT OF SALES OR USE TAX.

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

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

1 [successor exercised good faith in establishing the amount of  
2 the previous liability.

3 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A person  
4 sponsoring a flea market or a craft, antique, coin, or stamp  
5 show or similar event shall obtain from every retailer selling  
6 tangible personal property or taxable services at the event  
7 proof that the retailer possesses a valid sales tax permit or  
8 secure from the retailer a statement, taken in good faith,  
9 that property or services offered for sale are not subject to  
10 sales tax. Failure to do so renders a sponsor of the event  
11 liable for payment of any sales tax, interest, and penalty due  
12 and owing from any retailer selling property or services at  
13 the event. Sections 423.31, 423.32, 423.37, 423.38, 423.39,  
14 423.40, 423.41, and 423.42 apply to the sponsors. For  
15 purposes of this subsection, a person sponsoring a flea market  
16 or a craft, antique, coin, or stamp show or similar event does  
17 not include an organization which sponsors an event less than  
18 three times a year or a state, county, or district  
19 agricultural fair.

20 Sec. 82. NEW SECTION. 423.34 LIABILITY OF USER.

21 Any person who uses any property or services enumerated in  
22 section 423.2 upon which the use tax has not been paid, either  
23 to the county treasurer or to a retailer or direct to the  
24 department as required by this subchapter, shall be liable for  
25 the payment of tax, and shall on or before the last day of the  
26 month next succeeding each quarterly period pay the use tax  
27 upon all property or services used by the person during the  
28 preceding quarterly period in the manner and accompanied by  
29 such returns as the director shall prescribe. All of the  
30 provisions of sections 423.32 and 423.33 with reference to the  
31 returns and payments shall be applicable to the returns and  
32 payments required by this section.

33 Sec. 83. NEW SECTION. 423.35 POSTING OF BOND TO SECURE  
34 PAYMENT.

35 The director may, when necessary and advisable in order to ]

1 [secure the collection of the sales or use tax, authorize any  
2 person subject to either tax, and any retailer required or  
3 authorized to collect those taxes pursuant to the provisions  
4 of section 423.14, to file with the department a bond, issued  
5 by a surety company authorized to transact business in this  
6 state and approved by the insurance commissioner as to  
7 solvency and responsibility, in an amount as the director may  
8 fix, to secure the payment of any tax, interest, or penalties  
9 due or which may become due from such person. In lieu of a  
10 bond, securities approved by the director, in an amount which  
11 the director may prescribe, may be deposited with the  
12 department, which securities shall be kept in the custody of  
13 the department and may be sold by the director at public or  
14 private sale, without notice to the depositor, if it becomes  
15 necessary to do so in order to recover any tax, interest, or  
16 penalties due. Upon the sale, the surplus, if any, above the  
17 amounts due under this chapter shall be returned to the person  
18 who deposited the securities.

19 Sec. 84. NEW SECTION. 423.36 PERMITS REQUIRED TO COLLECT  
20 SALES OR USE TAX -- APPLICATIONS -- REVOCATION.

21 1. A person shall not engage in or transact business as a  
22 retailer making taxable sales of tangible personal property or  
23 furnishing services within this state or as a retailer making  
24 taxable sales of tangible personal property or furnishing  
25 services for use within this state, unless a permit has been  
26 issued to the retailer under this section, except as provided  
27 in subsection 6. Every person desiring to engage in or  
28 transact business as a retailer shall file with the department  
29 an application for a permit to collect sales or use tax.  
30 Every application for a sales or use tax permit shall be made  
31 upon a form prescribed by the director and shall set forth any  
32 information the director may require. The application shall  
33 be signed by an owner of the business if a natural person; in  
34 the case of a retailer which is an association or partnership,  
35 by a member or partner; and in the case of a retailer which is ]

1 [a corporation, by an executive officer or some person  
2 specifically authorized by the corporation to sign the  
3 application, to which shall be attached the written evidence  
4 of the person's authority.

5 2. To collect sales or use tax, the applicant must have a  
6 permit for each place of business in the state of Iowa. The  
7 department may deny a permit to an applicant who is  
8 substantially delinquent in paying a tax due, or the interest  
9 or penalty on the tax, administered by the department at the  
10 time of application. If the applicant is a partnership, a  
11 permit may be denied if a partner is substantially delinquent  
12 in paying any delinquent tax, penalty, or interest. If the  
13 applicant is a corporation, a permit may be denied if any  
14 officer having a substantial legal or equitable interest in  
15 the ownership of the corporation owes any delinquent tax,  
16 penalty, or interest.

17 3. The department shall grant and issue to each applicant  
18 a permit for each place of business in this state where sales  
19 or use tax is collected. A permit is not assignable and is  
20 valid only for the person in whose name it is issued and for  
21 the transaction of business at the place designated or at a  
22 place of relocation within the state if the ownership remains  
23 the same.

24 If an applicant is making sales outside Iowa for use in  
25 this state or furnishing services outside Iowa, the product or  
26 result of which will be used in this state, that applicant  
27 shall be issued one use tax permit by the department  
28 applicable to these out-of-state sales or services.

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

31 5. If the holder of a permit fails to comply with any of  
32 the provisions of this subchapter or of subchapter II or III  
33 or any order or rule of the department adopted under those  
34 subchapters or is substantially delinquent in the payment of a  
35 tax administered by the department or the interest or penalty]

1 [On the tax, or if the person is a corporation and if any  
2 officer having a substantial legal or equitable interest in  
3 the ownership of the corporation owes any delinquent tax of  
4 the permit-holding corporation, or interest or penalty on the  
5 tax, administered by the department, the director may revoke  
6 the permit. The director shall send notice by mail to a  
7 permit holder informing that person of the director's intent  
8 to revoke the permit and of the permit holder's right to a  
9 hearing on the matter. If the permit holder petitions the  
10 director for a hearing on the proposed revocation, after  
11 giving ten days' notice of the time and place of the hearing  
12 in accordance with section 17A.18, subsection 3, the matter  
13 may be heard and a decision rendered. The director may  
14 restore permits after revocation. The director shall adopt  
15 rules setting forth the period of time a retailer must wait  
16 before a permit may be restored or a new permit may be issued.  
17 The waiting period shall not exceed ninety days from the date  
18 of the revocation of the permit.

19 6. Sellers who are not regularly engaged in selling at  
20 retail and do not have a permanent place of business, but who  
21 are temporarily engaged in selling from trucks, portable  
22 roadside stands, concessionaires at state, county, district,  
23 or local fairs, carnivals, or the like, shall report and remit  
24 the sales tax on a temporary basis, under rules the director  
25 shall provide for the efficient collection of the sales tax.  
26 This subsection applies to sellers who are temporarily engaged  
27 in furnishing services.

28 Persons engaged in selling tangible personal property or  
29 furnishing services shall not be required to obtain or retain  
30 a sales tax permit for a place of business at which taxable  
31 sales of tangible personal property or taxable performance of  
32 services will not occur.

33 7. The provisions of subsection 1, dealing with the lawful  
34 right of a retailer to transact business, as applicable, apply  
35 to persons having receipts from furnishing services enumerated ]



1 [in section 423.2, except that a person holding a permit  
2 pursuant to subsection 1 shall not be required to obtain any  
3 separate sales tax permit for the purpose of engaging in  
4 business involving the services.

5 8. a. Except as provided in paragraph "b", purchasers,  
6 users, and consumers of tangible personal property or  
7 enumerated services taxed pursuant to subchapter II or III of  
8 this chapter or chapters 423B and 423E may be authorized,  
9 pursuant to rules adopted by the director, to remit tax owed  
10 directly to the department instead of the tax being collected  
11 and paid by the seller. To qualify for a direct pay tax  
12 permit, the purchaser, user, or consumer must accrue a tax  
13 liability of more than four thousand dollars in tax under  
14 subchapters II and III in a semimonthly period and make  
15 deposits and file returns pursuant to section 423.31. This  
16 authority shall not be granted or exercised except upon  
17 application to the director and then only after issuance by  
18 the director of a direct pay tax permit.

19 b. The granting of a direct pay tax permit is not  
20 authorized for any of the following:

21 (1) Taxes imposed on the sales, furnishing, or service of  
22 gas, electricity, water, heat, pay television service, and  
23 communication service.

24 (2) Taxes imposed under sections 423.26 and 423.27 and  
25 chapter 423C.

26 Sec. 85. NEW SECTION. 423.37 FAILURE TO FILE SALES OR  
27 USE TAX RETURNS -- INCORRECT RETURNS.

28 1. As soon as practicable after a return is filed and in  
29 any event within three years after the return is filed, the  
30 department shall examine it, assess and determine the tax due  
31 if the return is found to be incorrect, and give notice to the  
32 person liable for the tax of the assessment and determination  
33 as provided in subsection 2. The period for the examination  
34 and determination of the correct amount of tax is unlimited in  
35 the case of a false or fraudulent return made with the intent]

1 [to evade tax or in the case of a failure to file a return.

2 2. If a return required by this subchapter is not filed,  
3 or if a return when filed is incorrect or insufficient and the  
4 maker fails to file a corrected or sufficient return within  
5 twenty days after the same is required by notice from the  
6 department, the department shall determine the amount of tax  
7 due from information as the department may be able to obtain  
8 and, if necessary, may estimate the tax on the basis of  
9 external indices, such as number of employees of the person  
10 concerned, rentals paid by the person, stock on hand, or other  
11 factors. The department shall give notice of the  
12 determination to the person liable for the tax. The  
13 determination shall fix the tax unless the person against whom  
14 it is assessed shall, within sixty days after the giving of  
15 notice of the determination, apply to the director for a  
16 hearing or unless the taxpayer contests the determination by  
17 paying the tax, interest, and penalty and timely filing a  
18 claim for refund. At the hearing evidence may be offered to  
19 support the determination or to prove that it is incorrect.  
20 After the hearing the director shall give notice of the  
21 decision to the person liable for the tax.

22 3. The three-year period of limitation provided in  
23 subsection 1 may be extended by a taxpayer by signing a waiver  
24 agreement form to be provided by the department. The  
25 agreement shall stipulate the period of extension and the tax  
26 period to which the extension applies. The agreement shall  
27 also provide that a claim for refund may be filed by the  
28 taxpayer at any time during the period of extension.

29 Sec. 86. NEW SECTION. 423.38 JUDICIAL REVIEW.

30 1. Judicial review of actions of the director may be  
31 sought in accordance with the terms of the Iowa administrative  
32 procedure Act.

33 2. For cause and upon a showing by the director that  
34 collection of the tax in dispute is in doubt, the court may  
35 order the petitioner to file with the clerk a bond for the use ]

1 [of the respondent, with sureties approved by the clerk, in the  
2 amount of tax appealed from, conditioned that the petitioner  
3 shall perform the orders of the court.

4 3. An appeal may be taken by the taxpayer or the director  
5 to the supreme court of this state irrespective of the amount  
6 involved.

7 Sec. 87. NEW SECTION. 423.39 SERVICE OF NOTICES.

8 1. A notice authorized or required under this subchapter  
9 may be given by mailing the notice to the person for whom it  
10 is intended, addressed to that person at the address given in  
11 the last return filed by the person pursuant to this  
12 subchapter, or if no return has been filed, then to any  
13 address obtainable. The mailing of the notice is presumptive  
14 evidence of the receipt of the notice by the person to whom  
15 addressed. Any period of time which is determined according  
16 to this subchapter by the giving of notice commences to run  
17 from the date of mailing of the notice.

18 2. The provisions of the Code relative to the limitation  
19 of time for the enforcement of a civil remedy shall not apply  
20 to any proceeding or action taken to levy, appraise, assess,  
21 determine, or enforce the collection of any tax or penalty  
22 provided by this chapter.

23 Sec. 88. NEW SECTION. 423.40 PENALTIES -- OFFENSES --  
24 LIMITATION.

25 1. In addition to the sales or use tax or additional sales  
26 or use tax, the taxpayer shall pay a penalty as provided in  
27 section 421.27. The taxpayer shall also pay interest on the  
28 sales or use tax or additional sales or use tax at the rate in  
29 effect under section 421.7 for each month counting each  
30 fraction of a month as an entire month, computed from the date  
31 the semimonthly or monthly tax deposit form or return was  
32 required to be filed. The penalty and interest shall be paid  
33 to the department and disposed of in the same manner as other  
34 receipts under this subchapter. Unpaid penalties and interest  
35 may be enforced in the same manner as the taxes imposed by]

1 [this chapter.

2 2. a. Any person who knowingly sells tangible personal  
3 property, tickets or admissions to places of amusement and  
4 athletic events, or gas, water, electricity, or communication  
5 service at retail, or engages in the furnishing of services  
6 enumerated in section 423.2, in this state without procuring a  
7 permit to collect tax, as provided in section 423.36, or who  
8 violates section 423.24 and the officers of any corporation  
9 who so act are guilty of a serious misdemeanor.

10 b. A person who knowingly sells tangible personal  
11 property, tickets or admissions to places of amusement and  
12 athletic events, or gas, water, electricity, or communication  
13 service at retail, or engages in the furnishing of services  
14 enumerated in section 423.2, in this state after the person's  
15 sales tax permit has been revoked and before it has been  
16 restored as provided in section 423.36, subsection 5, and the  
17 officers of any corporation who so act are guilty of an  
18 aggravated misdemeanor.

19 3. A person who willfully attempts in any manner to evade  
20 any tax imposed by this chapter or the payment of the tax or a  
21 person who makes or causes to be made a false or fraudulent  
22 semimonthly or monthly tax deposit form or return with intent  
23 to evade any tax imposed by subchapter II or III or the  
24 payment of the tax is guilty of a class "D" felony.

25 4. The certificate of the director to the effect that a  
26 tax has not been paid, that a return has not been filed, or  
27 that information has not been supplied pursuant to the  
28 provisions of this subchapter shall be prima facie evidence  
29 thereof.

30 5. A person required to pay sales or use tax, or to make,  
31 sign, or file a tax deposit form or return or supplemental  
32 return, who willfully makes a false or fraudulent tax deposit  
33 form or return, or willfully fails to pay at least ninety  
34 percent of the tax or willfully fails to make, sign, or file  
35 the tax deposit form or return, at the time required by law, ]

1 [is guilty of a fraudulent practice.

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

4 Sec. 89. NEW SECTION. 423.41 BOOKS -- EXAMINATION.

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

24 Sec. 90. NEW SECTION. 423.42 STATUTES APPLICABLE.

25 1. The director shall administer the taxes imposed by  
26 subchapters II and III in the same manner and subject to all  
27 the provisions of, and all of the powers, duties, authority,  
28 and restrictions contained in, section 422.25, subsection 4,  
29 section 422.30, and sections 422.67 through 422.75.

30 2. All the provisions of section 422.26 shall apply in  
31 respect to the taxes and penalties imposed by subchapters II  
32 and III and this subchapter, except that, as applied to any  
33 tax imposed by subchapters II and III, the lien provided in  
34 section 422.26 shall be prior and paramount over all  
35 subsequent liens upon any personal property within this state.]

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

15 Sec. 91. NEW SECTION. 423.43 DEPOSIT OF REVENUE'--  
16 APPROPRIATIONS.

17 Except as otherwise provided in section 312.2, subsection  
18 15, all revenues derived from the use tax on motor vehicles,  
19 trailers, and motor vehicle accessories and equipment as  
20 collected pursuant to sections 423.26 and 423.27 shall be  
21 deposited and credited to the road use tax fund and shall be  
22 used exclusively for the construction, maintenance, and  
23 supervision of public highways.

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

31 a. Twenty-five percent of all such revenue, up to a  
32 maximum of four million two hundred fifty thousand dollars per  
33 quarter, shall be deposited into and credited to the Iowa  
34 comprehensive petroleum underground storage tank fund created  
35 in section 455G.3, and the moneys so deposited are a ]

1 [continuing appropriation for expenditure under chapter 455G,  
2 and moneys so appropriated shall not be used for other  
3 purposes.

4 b. Any such revenues remaining shall be credited to the  
5 road use tax fund.

6 2. Notwithstanding any other provision of this section  
7 that provides that all revenue derived from the use tax on  
8 motor vehicles, trailers, and motor vehicle accessories and  
9 equipment as collected pursuant to section 423.26 shall be  
10 deposited and credited to the road use tax fund, twenty  
11 percent of the revenues shall be credited and deposited as  
12 follows: one-half to the road use tax fund and one-half to  
13 the primary road fund to be used for the commercial and  
14 industrial highway network.

15 3. For the fiscal year beginning July 1, 2004, and each  
16 subsequent fiscal year, revenues arising under the operation  
17 of this chapter which are derived from the tax imposed on  
18 remote sales shall be deposited into the remote sales tax fund  
19 created in section 423.60 in an amount equal to the excess of  
20 the revenues derived from the tax imposed on remote sales  
21 during the fiscal year over the revenues derived from the tax  
22 imposed on remote sales during the fiscal year beginning July  
23 1, 2003.

24 4. All other revenue arising under the operation of this  
25 chapter shall be credited to the general fund of the state.

26 Sec. 92. NEW SECTION. 423.44 REIMBURSEMENT FOR PRIMARY  
27 ROAD FUND.

28 From moneys deposited into the road use tax fund, the  
29 department may credit to the primary road fund any amount of  
30 revenues derived from the use tax on motor vehicles, trailers,  
31 and motor vehicle accessories and equipment as collected  
32 pursuant to sections 423.26 and 423.27 to the extent necessary  
33 to reimburse that fund for the expenditures not otherwise  
34 eligible to be made from the primary road fund, which are made  
35 for repairing, improving, and maintaining bridges over the]

1 [rivers bordering the state. Expenditures for those portions  
2 of bridges within adjacent states may be included when they  
3 are made pursuant to an agreement entered into under section  
4 313.63, 313A.34, or 314.10.

5 Sec. 93. NEW SECTION. 423.45 REFUNDS -- EXEMPTION  
6 CERTIFICATES.

7 1. If an amount of tax represented by a retailer to a  
8 consumer or user as constituting tax due is computed upon a  
9 sales price that is not taxable or the amount represented is  
10 in excess of the actual taxable amount and the amount  
11 represented is actually paid by the consumer or user to the  
12 retailer, the excess amount of tax paid shall be returned to  
13 the consumer or user upon notification to the retailer by the  
14 department that an excess payment exists.

15 2. If an amount of tax represented by a retailer to a  
16 consumer or user as constituting tax due is computed upon a  
17 sales price that is not taxable or the amount represented is  
18 in excess of the actual taxable amount and the amount  
19 represented is actually paid by the consumer or user to the  
20 retailer, the excess amount of tax paid shall be returned to  
21 the consumer or user upon proper notification to the retailer  
22 by the consumer or user that an excess payment exists.

23 "Proper" notification is written notification which allows a  
24 retailer at least sixty days to respond and which contains  
25 enough information to allow a retailer to determine the  
26 validity of a consumer's or user's claim that an excess amount  
27 of tax has been paid. No cause of action shall accrue against  
28 a retailer for excess tax paid until sixty days after proper  
29 notice has been given the retailer by the consumer or user.

30 3. In the circumstances described in subsections 1 and 2,  
31 a retailer has the option to either return any excess amount  
32 of tax paid to a consumer or user, or to remit the amount  
33 which a consumer or user has paid to the retailer to the  
34 department.

35 4. a. The department shall issue or the seller may ]



1 [separately provide exemption certificates in the form  
2 prescribed by the director, including certificates not made of  
3 paper, which conform to the requirements of paragraph "c", to  
4 assist retailers in properly accounting for nontaxable sales  
5 of tangible personal property or services to purchasers for a  
6 nontaxable purpose. The department shall also allow the use  
7 of exemption certificates for those circumstances in which a  
8 sale is taxable but the seller is not obligated to collect tax  
9 from the buyer.

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

27 c. A valid exemption certificate is an exemption  
28 certificate which is complete and correct according to the  
29 requirements of the director.

30 d. A valid exemption certificate is taken in good faith by  
31 the seller when the seller has exercised that caution and  
32 diligence which honest persons of ordinary prudence would  
33 exercise in handling their own business affairs, and includes  
34 an honesty of intention and freedom from knowledge of  
35 circumstances which ought to put one upon inquiry as to the ]

1 [facts. In order for a seller to take a valid exemption  
2 certificate in good faith, the seller must exercise reasonable  
3 prudence to determine the facts supporting the valid exemption  
4 certificate, and if any facts upon such certificate would lead  
5 a reasonable person to further inquiry, such inquiry must be  
6 made with an honest intent to discover the facts.

7 e. If the circumstances change and as a result the  
8 tangible personal property or services are used or disposed of  
9 by the purchaser in a nonexempt manner or the purchaser  
10 becomes obligated to pay the tax, the purchaser is liable  
11 solely for the taxes and shall remit the taxes directly to the  
12 department in accordance with this subsection.

13 5. a. The department shall issue or the seller may  
14 separately provide fuel exemption certificates in the form  
15 prescribed by the director.

16 b. For purposes of this subsection:

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

20 (2) "Fuel consumed in processing" means fuel used or  
21 consumed for processing including grain drying, for providing  
22 heat or cooling for livestock buildings or for greenhouses or  
23 buildings or parts of buildings dedicated to the production of  
24 flowering, ornamental, or vegetable plants intended for sale  
25 in the ordinary course of business, for use in aquaculture  
26 production, or for generating electric current, or in  
27 implements of husbandry engaged in agricultural production.

28 (3) "Fuel exemption certificate" means an exemption  
29 certificate given by the purchaser under penalty of perjury to  
30 assist retailers in properly accounting for nontaxable sales  
31 of fuel consumed in processing.

32 (4) "Substantial change" means a change in the use or  
33 disposition of tangible personal property and services by the  
34 purchaser such that the purchaser pays less than ninety  
35 percent of the purchaser's actual sales tax liability. A ]

1 [change includes a misstatement of facts in an application made  
2 pursuant to paragraph "d" or in a fuel exemption certificate.

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

13 d. The purchaser may apply to the department for its  
14 review of the fuel exemption certificate. In this event, the  
15 department shall review the fuel exemption certificate within  
16 twelve months from the date of application and determine the  
17 correct amount of the exemption. If the amount determined by  
18 the department is different than the amount that the purchaser  
19 claims is exempt, the department shall promptly notify the  
20 purchaser of the determination. Failure of the department to  
21 make a determination within twelve months from the date of  
22 application shall constitute a determination that the fuel  
23 exemption certificate is correct as submitted. A  
24 determination of exemption by the department is final unless  
25 the purchaser appeals to the director for a revision of the  
26 determination within sixty days after the date of the notice  
27 of determination. The director shall grant a hearing, and  
28 upon the hearing, the director shall determine the correct  
29 exemption and notify the purchaser of the decision by mail.  
30 The decision of the director is final unless the purchaser  
31 seeks judicial review of the director's decision under section  
32 423.38 within sixty days after the date of the notice of the  
33 director's decision. Unless there is a substantial change,  
34 the department shall not impose penalties pursuant to section  
35 423.40 both retroactively to purchases made after the date of ]

1 [Application and prospectively until the department gives  
2 notice to the purchaser that a tax or additional tax is due,  
3 for failure to remit any tax due which is in excess of a  
4 determination made under this section. A determination made  
5 by the department pursuant to this subsection does not  
6 constitute an audit for purposes of section 423.37.

7 e. If the circumstances change and the fuel is used or  
8 disposed of by the purchaser in a nonexempt manner, the  
9 purchaser is solely liable for the taxes and shall remit the  
10 taxes directly to the department in accordance with paragraph  
11 "c".

12 f. The purchaser shall attach documentation to the fuel  
13 exemption certificate which is reasonably necessary to support  
14 the exemption for fuel consumed in processing. If the  
15 purchaser files a new exemption certificate with the seller,  
16 documentation shall not be required if the purchaser  
17 previously furnished the seller with this documentation and  
18 substantial change has not occurred since that documentation  
19 was furnished or if fuel consumed in processing is separately  
20 metered and billed by the seller.

21 6. Nothing in this section authorizes any cause of action  
22 by any person to recover sales or use taxes directly from the  
23 state or extends any person's time to seek a refund of sales  
24 or use taxes which have been collected and remitted to the  
25 state.

26 Sec. 94. NEW SECTION. 423.46 RATE AND BASE CHANGES.

27 The department shall make a reasonable effort to provide  
28 sellers with as much advance notice as practicable of a rate  
29 change and to notify sellers of legislative changes in the tax  
30 base and amendments to sales and use tax rules. Failure of a  
31 seller to receive notice or failure of this state to provide  
32 notice or limit the effective date of a rate change shall not  
33 relieve the seller of its obligation to collect sales or use  
34 taxes for this state.

35 Sec. 95. NEW SECTION. 423.47 REFUNDS AND CREDITS.]

1 [If it shall appear that, as a result of mistake, an amount  
2 of tax, penalty, or interest has been paid which was not due  
3 under the provisions of this chapter, such amount shall be  
4 credited against any tax due, or to become due, on the books  
5 of the department from the person who made the erroneous  
6 payment, or such amount shall be refunded to such person by  
7 the department. A claim for refund or credit that has not  
8 been filed with the department within three years after the  
9 tax payment for which a refund or credit is claimed became  
10 due, or one year after such tax payment was made, whichever  
11 time is the later, shall not be allowed by the director.

12 SUBCHAPTER VI

13 SALES AND USE TAX ACT -- ADMINISTRATION OF  
14 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
15 AGREEMENT

16 Sec. 96. NEW SECTION. 423.48 RESPONSIBILITIES AND RIGHTS  
17 OF SELLERS REGISTERED UNDER THE AGREEMENT.

18 1. By registering under the agreement, the seller agrees  
19 to collect and remit sales and use taxes for all its taxable  
20 Iowa sales. Iowa's withdrawal from the agreement or  
21 revocation of its membership in the agreement shall not  
22 relieve a seller from its responsibility to remit taxes  
23 previously collected on behalf of this state.

24 2. The following provisions apply to any seller who  
25 registers under the agreement:

26 a. The seller may register on-line.

27 b. Registration under the agreement and the collection of  
28 Iowa sales and use taxes shall not be used as factors in  
29 determining whether the seller has nexus with Iowa for any  
30 tax.

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

33 d. The seller is not required to pay registration fees or  
34 other charges.

35 e. A written signature from the seller is not required.]

1 [f. The seller may register by way of an agent. The  
2 agent's appointment shall be in writing and submitted to the  
3 department if requested by the department.

4 g. The seller may cancel its registration at any time  
5 under procedures adopted by the governing board established  
6 pursuant to the agreement. Cancellation does not relieve the  
7 seller of its liability for remitting any Iowa taxes  
8 collected.

9 3. The following additional responsibilities and rights  
10 apply to model sellers:

11 a. A model 1 seller's obligation to calculate, collect,  
12 and remit sales and use taxes shall be performed by its  
13 certified service provider, except for the seller's obligation  
14 to remit tax on its own purchases. As the seller's agent, the  
15 certified service provider is liable for its model 1 seller's  
16 sales and use tax due Iowa on all sales transactions it  
17 processes for the seller except as set out in this section. A  
18 seller that contracts with a certified service provider is not  
19 liable to the state for sales or use tax due on transactions  
20 processed by the certified service provider unless the seller  
21 misrepresents the types of items or services it sells or  
22 commits fraud. In the absence of probable cause to believe  
23 that the seller has committed fraud or made a material  
24 misrepresentation, the seller is not subject to audit on the  
25 transactions processed by the certified service provider. A  
26 model 1 seller is subject to audit for transactions not  
27 processed by the certified service provider. The director is  
28 authorized to perform a system check of the model 1 seller and  
29 review the seller's procedures to determine if the certified  
30 service provider's system is functioning properly and the  
31 extent to which the seller's transactions are being processed  
32 by the certified service provider.

33 b. A model 2 seller shall calculate the amount of tax due  
34 on a transaction by the use of a certified automated system,  
35 but shall collect and remit tax on its own sales. A person ]

1 [that provides a certified automated system is responsible for  
2 the proper functioning of that system and is liable to this  
3 state for underpayments of tax attributable to errors in the  
4 functioning of the certified automated system. A seller that  
5 uses a certified automated system remains responsible and is  
6 liable to the state for reporting and remitting tax.

7 c. A model 3 seller shall use its own proprietary  
8 automated system to calculate tax due and collect and remit  
9 tax on its own sales. A model 3 seller is liable for the  
10 failure of its proprietary automated system to meet the  
11 applicable performance standard.

12 Sec. 97. NEW SECTION. 423.49 RETURNS.

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

15 a. The seller is required to file only one return per  
16 month for this state and for all taxing jurisdictions within  
17 this state.

18 b. The date for filing returns shall be determined under  
19 rules adopted by the director. However, in no case shall the  
20 return be due earlier than the twentieth day of the following  
21 month.

22 c. The director shall request additional information  
23 returns. These returns shall not be required more frequently  
24 than every six months.

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

29 a. The seller is required to file a return within one year  
30 of the month of initial registration and shall file a return  
31 on an annual basis in succeeding years.

32 b. In addition to the return required in paragraph "a", if  
33 the seller accumulates more than one thousand dollars in total  
34 state and local tax, the seller is required to file a return  
35 in the following month.]

1 [c. The format of the return and the due date of the  
2 initial return and the annual return shall be determined under  
3 rules adopted by the department.

4 Sec. 98. NEW SECTION. 423.50 REMITTANCE OF FUNDS.

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

12 2. All remittances shall be remitted electronically.

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

20 4. If a due date falls on a legal banking holiday in this  
21 state, the taxes are due on the succeeding business day.

22 Sec. 99. NEW SECTION. 423.51 ADMINISTRATION OF  
23 EXEMPTIONS.

24 1. The following provisions shall apply when a purchaser  
25 claims an exemption:

26 a. The seller shall obtain identifying information of the  
27 purchaser and the reason for claiming a tax exemption at the  
28 time of the purchase as determined by the member states acting  
29 jointly.

30 b. A purchaser is not required to provide a signature to  
31 claim an exemption from tax unless a paper certificate is  
32 used.

33 c. The seller shall use the standard form for claiming an  
34 exemption electronically as adopted jointly by the member  
35 states.]



1 [d. The seller shall obtain the same information for proof  
2 of a claimed exemption regardless of the medium in which the  
3 transaction occurred.

4 e. The department may authorize a system wherein the  
5 purchaser exempt from the payment of the tax is issued an  
6 identification number which shall be presented to the seller  
7 at the time of the sale.

8 f. The seller shall maintain proper records of exempt  
9 transactions and provide them to the department when  
10 requested.

11 g. The department shall administer entity-based and use-  
12 based exemptions when practicable through a direct pay tax  
13 permit, an exemption certificate, or another means that does  
14 not burden sellers. For the purposes of this paragraph:

15 (1) An "entity-based exemption" is an exemption based on  
16 who purchases the product or who sells the product.

17 (2) A "use-based exemption" is an exemption based on the  
18 purchaser's use of the product.

19 2. Sellers that follow the requirements of this section  
20 are relieved from any tax otherwise applicable if it is  
21 determined that the purchaser improperly claimed an exemption  
22 and that the purchaser is liable for the nonpayment of tax.  
23 This relief from liability does not apply to a seller who  
24 fraudulently fails to collect the tax or solicits purchasers  
25 to participate in the unlawful claim of an exemption.

26 Sec. 100. NEW SECTION. 423.52 RELIEF FROM LIABILITY FOR  
27 SELLERS AND CERTIFIED SERVICE PROVIDERS.

28 Sellers and certified service providers are relieved from  
29 liability to this state or its local taxing jurisdictions for  
30 having charged and collected the incorrect amount of sales or  
31 use tax resulting from the seller or certified service  
32 provider relying on erroneous data provided by this state on  
33 tax rates, boundaries, or taxing jurisdiction assignments. If  
34 this state provides an address-based system for assigning  
35 taxing jurisdictions whether or not pursuant to the federal ]

1 [ Mobile Telecommunications Sourcing Act, the director is not  
2 required to provide liability relief for errors resulting from  
3 reliance on the information provided by this state.

4 Sec. 101. NEW SECTION. 423.53 BAD DEBTS AND MODEL 1  
5 SELLERS.

6 A certified service provider may claim, on behalf of a  
7 model 1 seller, any bad debt deduction as provided in section  
8 423.21. The certified service provider must credit or refund  
9 the full amount of any bad debt deduction or refund received  
10 to the seller.

11 Sec. 102. NEW SECTION. 423.54 AMNESTY FOR REGISTERED  
12 SELLERS.

13 1. Subject to the limitations in subsections 2 through 6,  
14 the following provisions apply:

15 a. Amnesty is provided for uncollected or unpaid sales or  
16 use tax to a seller who registers to pay or to collect and  
17 remit applicable sales or use tax on sales made to purchasers  
18 in this state in accordance with the terms of the agreement,  
19 provided the seller was not so registered in this state in the  
20 twelve-month period preceding the commencement of Iowa's  
21 participation in the agreement.

22 b. Amnesty precludes assessment of the seller for  
23 uncollected or unpaid sales or use tax together with penalty  
24 or interest for sales made during the period the seller was  
25 not registered in this state, provided registration occurs  
26 within twelve months of the commencement of Iowa's  
27 participation in the agreement.

28 c. Amnesty shall be provided to any seller lawfully  
29 registered under the agreement by any other member state prior  
30 to the date of the commencement of Iowa's participation in the  
31 agreement.

32 2. Amnesty is not available to a seller with respect to  
33 any matter or matters for which the seller received notice of  
34 the commencement of an audit and which audit is not yet  
35 finally resolved, including any related administrative and ]

1 [judicial processes.

2 3. Amnesty is not available for sales or use taxes already  
3 paid or remitted or to taxes collected by the seller.

4 4. Amnesty is fully effective absent the seller's fraud or  
5 intentional misrepresentation of a material fact as long as  
6 the seller continues registration and continues payment or  
7 collection and remittance of applicable sales or use taxes for  
8 a period of at least thirty-six months. The statute of  
9 limitations applicable to asserting a tax liability is tolled  
10 during this thirty-six month period.

11 5. Amnesty is applicable only to sales or use taxes due  
12 from a seller in its capacity as a seller and not to sales or  
13 use taxes due from a seller in its capacity as a buyer.

14 6. The director may allow amnesty on terms and conditions  
15 more favorable to a seller than the terms required by this  
16 section.

17 Sec. 103. NEW SECTION. 423.55 DATABASES.

18 The department shall provide and maintain databases  
19 required by the agreement for the benefit of sellers  
20 registered under the agreement.

21 Sec. 104. NEW SECTION. 423.56 CONFIDENTIALITY AND  
22 PRIVACY PROTECTIONS UNDER MODEL 1.

23 1. As used in this section:

24 a. "Anonymous data" means information that does not  
25 identify a person.

26 b. "Confidential taxpayer information" means all  
27 information that is protected under this state's laws, rules,  
28 and privileges.

29 c. "Personally identifiable information" means information  
30 that identifies a person.

31 2. With very limited exceptions, a certified service  
32 provider shall perform its tax calculation, remittance, and  
33 reporting functions without retaining the personally  
34 identifiable information of consumers.

35 3. A certified service provider may perform its services ]

1 [in this state only if the certified service provider certifies  
2 that:

3 a. Its system has been designed and tested to ensure that  
4 the fundamental precept of anonymity is respected.

5 b. Personally identifiable information is only used and  
6 retained to the extent necessary for the administration of  
7 model 1 sellers with respect to exempt purchasers.

8 c. It provides consumers clear and conspicuous notice of  
9 its information practices, including what information it  
10 collects, how it collects the information, how it uses the  
11 information, how long, if at all, it retains the information,  
12 and whether it discloses the information to member states.  
13 This notice shall be satisfied by a written privacy policy  
14 statement accessible by the public on the official web site of  
15 the certified service provider.

16 d. Its collection, use, and retention of personally  
17 identifiable information is limited to that required by the  
18 member states to ensure the validity of exemptions from  
19 taxation that are claimed by reason of a consumer's status or  
20 the intended use of the goods or services purchased.

21 e. It provides adequate technical, physical, and  
22 administrative safeguards so as to protect personally  
23 identifiable information from unauthorized access and  
24 disclosure.

25 4. The department shall provide public notification of its  
26 practices relating to the collection, use, and retention of  
27 personally identifiable information.

28 5. When any personally identifiable information that has  
29 been collected and retained by the department or certified  
30 service provider is no longer required for the purposes set  
31 forth in subsection 3, paragraph "d", that information shall  
32 no longer be retained by the department or certified service  
33 provider.

34 6. When personally identifiable information regarding an  
35 individual is retained by or on behalf of this state, this ]

1 [state shall provide reasonable access by such individual to  
2 his or her own information in the state's possession and a  
3 right to correct any inaccurately recorded information.

4 7. This privacy policy is subject to enforcement by the  
5 department and the attorney general.

6 8. This state's laws and rules regarding the collection,  
7 use, and maintenance of confidential taxpayer information  
8 remain fully applicable and binding. Without limitation, the  
9 agreement does not enlarge or limit the state's or  
10 department's authority to:

11 a. Conduct audits or other review as provided under the  
12 agreement and state law.

13 b. Provide records pursuant to its examination of public  
14 records law, disclosure laws of individual governmental  
15 agencies, or other regulations.

16 c. Prevent, consistent with state law, disclosures of  
17 confidential taxpayer information.

18 d. Prevent, consistent with federal law, disclosures or  
19 misuse of federal return information obtained under a  
20 disclosure agreement with the internal revenue service.

21 e. Collect, disclose, disseminate, or otherwise use  
22 anonymous data for governmental purposes.

23 9. This privacy policy does not preclude the certification  
24 of a certified service provider whose privacy policy is more  
25 protective of confidential taxpayer information or personally  
26 identifiable information than is required by the agreement.

27 Sec. 105. NEW SECTION. 423.57 STATUTES APPLICABLE.

28 The director shall administer this subchapter as it relates  
29 to the taxes imposed in this chapter in the same manner and  
30 subject to all the provisions of, and all of the powers,  
31 duties, authority, and restrictions contained in sections  
32 423.14, 423.15, 423.16, 423.17, 423.18, 423.19, 423.20,  
33 423.21, 423.22, 423.23, 423.24, 423.25, 423.28, 423.29,  
34 423.31, 423.32, 423.33, 423.34, 423.35, 423.37, 423.38,  
35 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection ]

1 [3, and sections 423.45, 423.46, and 423.47.

2 Sec. 106. NEW SECTION. 423.60 REMOTE SALES TAX FUND --  
3 APPROPRIATIONS.

4 1. A remote sales tax fund is created as a separate fund  
5 in the state treasury under the control of the department of  
6 revenue and finance consisting of the state sales and use tax  
7 revenues collected from remote sales and deposited as provided  
8 in section 423.43, subsection 3.

9 2. There is appropriated from the remote sales tax fund  
10 for the fiscal year beginning July 1, 2005, and each  
11 succeeding fiscal year to the general fund of the state the  
12 following:

13 a. The first sixty million dollars deposited into the fund  
14 during each fiscal year.

15 b. An amount to offset the projected loss during the  
16 fiscal year to the general fund of the state resulting from a  
17 state tax relief Act enacted during the period beginning four  
18 and one-half years prior to the start of the fiscal year.  
19 However, any state tax relief Act enacted prior to July 1,  
20 2004, shall not be covered under this subsection.

21 3. For purposes of subsection 2, "state tax relief Act"  
22 means an Act that was projected by the legislative fiscal  
23 bureau to result in a loss in revenue to the general fund of  
24 the state of at least five million dollars in the first full  
25 fiscal year during which the Act is effective and that  
26 contains any of the following:

27 a. A state sales or use tax exemption.

28 b. A deduction for any state tax.

29 c. A reduction in any state tax rate.

30 Sec. 107.

31 1. Sections 422.42 through 422.59, Code 2003, are repealed.

32 2. Chapter 423, Code 2003, is repealed.

33 COORDINATING AMENDMENTS

34 Sec. 108. Section 15.331A, Code 2003, is amended to read  
35 as follows: ]

1 [15.331A SALES, SERVICES, AND USE TAX REFUND -- CONTRACTOR  
2 OR SUBCONTRACTOR.

3 The eligible business or a supporting business shall be  
4 entitled to a refund of the sales and use taxes paid under  
5 ~~chapters-422-and~~ chapter 423 for gas, electricity, water, or  
6 sewer utility services, goods, wares, or merchandise, or on  
7 services rendered, furnished, or performed to or for a  
8 contractor or subcontractor and used in the fulfillment of a  
9 written contract relating to the construction or equipping of  
10 a facility within the economic development area of the  
11 eligible business or a supporting business. Taxes  
12 attributable to intangible property and furniture and  
13 furnishings shall not be refunded.

14 To receive the refund a claim shall be filed by the  
15 eligible business or a supporting business with the department  
16 of revenue and finance as follows:

17 1. The contractor or subcontractor shall state under oath,  
18 on forms provided by the department, the amount of the sales  
19 of goods, wares, or merchandise or services rendered,  
20 furnished, or performed including water, sewer, gas, and  
21 electric utility services for use in the economic development  
22 area upon which sales or use tax has been paid prior to the  
23 project completion, and shall file the forms with the eligible  
24 business or supporting business before final settlement is  
25 made.

26 2. The eligible business or a supporting business shall,  
27 not more than one year after project completion, make  
28 application to the department for any refund of the amount of  
29 the sales and use taxes paid pursuant to chapter 422-~~or~~ 423  
30 upon any goods, wares, or merchandise, or services rendered,  
31 furnished, or performed, including water, sewer, gas, and  
32 electric utility services. The application shall be made in  
33 the manner and upon forms to be provided by the department,  
34 and the department shall audit the claim and, if approved,  
35 issue a warrant to the eligible business or supporting ]

1 [business in the amount of the sales or use tax which has been  
2 paid to the state of Iowa under a contract. A claim filed by  
3 the eligible business or a supporting business in accordance  
4 with this section shall not be denied by reason of a  
5 limitation provision set forth in chapter ~~421-422~~, or 423.

6 3. A contractor or subcontractor who willfully makes a  
7 false report of tax paid under the provisions of this section  
8 is guilty of a simple misdemeanor and in addition is liable  
9 for the payment of the tax and any applicable penalty and  
10 interest.

11 Sec. 109. Section 15.334A, Code 2003, is amended to read  
12 as follows:

13 15.334A SALES AND USE TAX EXEMPTION.

14 An eligible business may claim an exemption from sales and  
15 use taxation under section ~~422-45~~ 423.3, subsection ~~27~~ 46, for  
16 property which is exempt from taxation under section 15.334,  
17 notwithstanding the requirements of section ~~422-45~~ 423.3,  
18 subsection ~~27~~ 46, or any other provision of the Code to the  
19 contrary.

20 Sec. 110. Section 15A.9, subsections 5, 6, and 7, Code  
21 2003, are amended to read as follows:

22 5. PROPERTY TAX EXEMPTION.

23 a. All property, as defined in section 427A.1, subsection  
24 1, paragraphs "e" and "j", Code 1993, used by the primary  
25 business or a supporting business and located within the zone,  
26 shall be exempt from property taxation for a period of twenty  
27 years beginning with the year it is first assessed for  
28 taxation. In order to be eligible for this exemption, the  
29 property shall be acquired or leased by the primary business  
30 or a supporting business or relocated by the primary business  
31 or a supporting business to the zone from outside the state  
32 prior to project completion.

33 b. Property which is exempt for property tax purposes  
34 under this subsection is eligible for the sales and use tax  
35 exemption under section ~~422-45~~ 423.3, subsection ~~27~~ 46,]



1 [ notwithstanding that subsection or any other provision of the  
2 Code to the contrary.

3 6. SALES, SERVICES, AND USE TAX REFUND. Taxes paid  
4 pursuant to chapter ~~422-or~~ 423 on the gross-receipts sales  
5 price or rental price of property purchased or rented by the  
6 primary business or a supporting business for use by the  
7 primary business or a supporting business within the zone or  
8 on gas, electricity, water, and sewer utility services prior  
9 to project completion shall be refunded to the primary  
10 business or supporting business if the item was purchased or  
11 the service was performed or received prior to project  
12 completion. Claims under this section shall be submitted on  
13 forms provided by the department of revenue and finance not  
14 later than six months after project completion. The refund in  
15 this subsection shall not apply to furniture or furnishings,  
16 or intangible property.

17 7. SALES, SERVICES, AND USE TAX REFUND -- CONTRACTOR OR  
18 SUBCONTRACTOR. The primary business or a supporting business  
19 shall be entitled to a refund of the sales and use taxes paid  
20 under ~~chapters-422-and~~ chapter 423 for gas, electricity,  
21 water, or sewer utility services, goods, wares, or  
22 merchandise, or on services rendered, furnished, or performed  
23 to or for a contractor or subcontractor and used in the  
24 fulfillment of a written contract relating to the construction  
25 or equipping of a facility within the zone of the primary  
26 business or a supporting business. Taxes attributable to  
27 intangible property and furniture and furnishings shall not be  
28 refunded.

29 To receive the refund a claim shall be filed by the primary  
30 business or a supporting business with the department of  
31 revenue and finance as follows:

32 a. The contractor or subcontractor shall state under oath,  
33 on forms provided by the department, the amount of the sales  
34 of goods, wares, or merchandise or services rendered,  
35 furnished, or performed including water, sewer, gas, and ]

1 [electric utility services for use in the zone upon which sales  
2 or use tax has been paid prior to the project completion, and  
3 shall file the forms with the primary business or supporting  
4 business before final settlement is made.

5 b. The primary business or a supporting business shall,  
6 not more than six months after project completion, make  
7 application to the department for any refund of the amount of  
8 the sales and use taxes paid pursuant to chapter 422-or 423  
9 upon any goods, wares, or merchandise, or services rendered,  
10 furnished, or performed, including water, sewer, gas, and  
11 electric utility services. The application shall be made in  
12 the manner and upon forms to be provided by the department,  
13 and the department shall audit the claim and, if approved,  
14 issue a warrant to the primary business or supporting business  
15 in the amount of the sales or use tax which has been paid to  
16 the state of Iowa under a contract. A claim filed by the  
17 primary business or a supporting business in accordance with  
18 this subsection shall not be denied by reason of a limitation  
19 provision set forth in chapter 421, 422, or 423.

20 c. A contractor or subcontractor who willfully makes a  
21 false report of tax paid under the provisions of this  
22 subsection is guilty of a simple misdemeanor and in addition  
23 is liable for the payment of the tax and any applicable  
24 penalty and interest.

25 Sec. 111. Section 28A.17, unnumbered paragraph 1, Code  
26 2003, is amended to read as follows:

27 If an authority is established as provided in section 28A.6  
28 and after approval of a referendum by a simple majority of  
29 votes cast in each metropolitan area in favor of the sales and  
30 services tax, the governing board of a county in this state  
31 within a metropolitan area which is part of the authority  
32 shall impose, at the request of the authority, a local sales  
33 and services tax at the rate of one-fourth of one percent on  
34 gross-receipts the sales price taxed by this state under  
35 ~~chapter-422, division-IV~~ section 423.2, within the ]

1 [metropolitan area located in this state. The referendum shall  
2 be called by resolution of the board and shall be held as  
3 provided in section 28A.6 to the extent applicable. The  
4 ballot proposition shall contain a statement as to the  
5 specific purpose or purposes for which the revenues shall be  
6 expended and the date of expiration of the tax. The local  
7 sales and services tax shall be imposed on the same basis,  
8 with the same exceptions, and following the same  
9 administrative procedures as provided for a county under  
10 sections 422B.8 and 422B.9. The amount of the sale, for the  
11 purposes of determining the amount of the local sales and  
12 services tax under this section, does not include the amount  
13 of any local sales and services tax imposed under sections  
14 422B.8 and 422B.9.

15 Sec. 112. Section 29C.15, Code 2003, is amended to read as  
16 follows:

17 29C.15 TAX-EXEMPT PURCHASES.

18 All purchases under the provisions of this chapter shall be  
19 exempt from the taxes imposed by sections ~~422-43~~ 423.2 and  
20 ~~423-2~~ 423.5.

21 Sec. 113. Section 99E.10, subsection 1, paragraph b, Code  
22 2003, is amended to read as follows:

23 b. An amount equal to the product of the state sales tax  
24 rate under section ~~422-43~~ 423.2 multiplied by the gross sales  
25 price of each ticket or share sold shall be deducted as the  
26 sales tax on the sale of that ticket or share, remitted to the  
27 treasurer of state and deposited into the state general fund.

28 Sec. 114. Section 123.187, subsection 2, Code 2003, is  
29 amended to read as follows:

30 2. A winery licensed or permitted pursuant to laws  
31 regulating alcoholic beverages in a state which affords this  
32 state an equal reciprocal shipping privilege may ship into  
33 this state by private common carrier, to a person twenty-one  
34 years of age or older, not more than eighteen liters of wine  
35 per month, for consumption or use by the person. Such wine ]

1 [shall not be resold. Shipment of wine pursuant to this  
2 subsection is not subject to sales tax under section ~~422.43~~  
3 423.2, use tax under section ~~423.2~~ 423.5, or the wine  
4 gallonage tax under section 123.183, and does not require a  
5 refund value for beverage container control purposes under  
6 chapter 455C.

7 Sec. 115. Section 262.54, Code 2003, is amended to read as  
8 follows:

9 262.54 COMPUTER SALES.

10 Sales, by an institution under the control of the board of  
11 regents, of computer equipment, computer software, and  
12 computer supplies to students and faculty at the institution  
13 are retail sales under chapter ~~422, division-IV~~ 423.

14 Sec. 116. Section 303.9, subsection 2, Code 2003, is  
15 amended to read as follows:

16 2. The department may sell mementos and other items  
17 relating to Iowa history and historic sites on the premises of  
18 property under control of the department and at the state  
19 capitol. Notwithstanding sections 18.12 and 18.16, the  
20 department may directly and independently enter into rental  
21 and lease agreements with private vendors for the purpose of  
22 selling mementos. All fees and income produced by the sales  
23 and rental or lease agreements shall be credited to the  
24 account of the department. The mementos and other items sold  
25 by the department or vendors under this subsection are exempt  
26 from section 18.6. ~~The department is not a retailer under~~  
27 ~~chapter 422 and the sale of such mementos and other items by~~  
28 ~~the department is not a retail sale under chapter 422 and is~~  
29 ~~exempt from the sales tax.~~

30 Sec. 117. Section 312.1, subsection 4, Code 2003, is  
31 amended to read as follows:

32 4. To the extent provided in section ~~423.24~~ 423.43,  
33 subsection 1, paragraph "b", from revenue derived from the use  
34 tax, under chapter 423 on motor vehicles, trailers, and motor  
35 vehicle accessories and equipment.]

1 [Sec. 118. Section 312.2, subsections 14 and 16, Code 2003,  
2 are amended to read as follows:

3 14. The treasurer of state, before making the allotments  
4 provided for in this section, shall credit monthly from the  
5 road use tax fund to the general fund of the state from  
6 revenue credited to the road use tax fund under section ~~423-24~~  
7 423.43, subsection 1, paragraph "b", an amount equal to one-  
8 twentieth of eighty percent of the revenue from the operation  
9 of section ~~423-7~~ 423.26.

10 There is appropriated from the general fund of the state  
11 for each fiscal year to the state department of transportation  
12 the amount of revenues credited to the general fund of the  
13 state during the fiscal year under this subsection to be used  
14 for purposes of public transit assistance under chapter 324A.

15 16. The treasurer of state, before making the allotments  
16 provided for in this section, shall credit monthly from the  
17 road use tax fund to the motorcycle rider education fund  
18 established in section 321.180B, an amount equal to one dollar  
19 per year of license validity for each issued or renewed  
20 driver's license which is valid for the operation of a  
21 motorcycle. Moneys credited to the motorcycle rider education  
22 fund under this subsection shall be taken from moneys credited  
23 to the road use tax fund under section ~~423-24~~ 423.43.

24 Sec. 119. Section 321.20, subsection 5, Code 2003, is  
25 amended to read as follows:

26 5. The amount of tax to be paid under section ~~423-7~~  
27 423.26.

28 Sec. 120. Section 321.24, subsections 1 and 3, Code 2003,  
29 are amended to read as follows:

30 1. Upon receipt of the application for title and payment  
31 of the required fees for a motor vehicle, trailer, or  
32 semitrailer, the county treasurer or the department shall,  
33 when satisfied as to the application's genuineness and  
34 regularity, and, in the case of a mobile home or manufactured  
35 home, that taxes are not owing under chapter 435, issue a ]

1 [certificate of title and, except for a mobile home or  
2 manufactured home, a registration receipt, and shall file the  
3 application, the manufacturer's or importer's certificate, the  
4 certificate of title, or other evidence of ownership, as  
5 prescribed by the department. The registration receipt shall  
6 be delivered to the owner and shall contain upon its face the  
7 date issued, the name and address of the owner, the  
8 registration number assigned to the vehicle, the amount of the  
9 fee paid, the amount of tax paid pursuant to section 423-7  
10 423.26, the type of fuel used, and a description of the  
11 vehicle as determined by the department, and upon the reverse  
12 side a form for notice of transfer of the vehicle. The name  
13 and address of any lessee of the vehicle shall not be printed  
14 on the registration receipt or certificate of title. Up to  
15 three owners may be listed on the registration receipt and  
16 certificate of title.

17 3. The certificate of title shall contain upon its face  
18 the identical information required upon the face of the  
19 registration receipt. In addition, the certificate of title  
20 shall contain a statement of the owner's title, the title  
21 number assigned to the owner or owners of the vehicle, the  
22 amount of tax paid pursuant to section 423-7 423.26, the name  
23 and address of the previous owner, and a statement of all  
24 security interests and encumbrances as shown in the  
25 application, upon the vehicle described, including the nature  
26 of the security interest, date of notation, and name and  
27 address of the secured party.

28 Sec. 121. Section 321.34, subsection 7, paragraph c, Code  
29 2003, is amended to read as follows:

30 c. The fees for a collegiate registration plate are as  
31 follows:

- 32 (1) A registration fee of twenty-five dollars.
- 33 (2) A special collegiate registration fee of twenty-five  
34 dollars.

35 These fees are in addition to the regular annual ]

1 [registration fee. The fees collected by the director under  
 2 this subsection shall be paid monthly to the treasurer of  
 3 state and credited by the treasurer of state to the road use  
 4 tax fund. Notwithstanding section ~~423-24~~ 423.43 and prior to  
 5 the revenues being credited to the road use tax fund under  
 6 section ~~423-24~~ 423.43, subsection 1, paragraph "b", the  
 7 treasurer of state shall credit monthly from those revenues  
 8 respectively, to Iowa state university of science and  
 9 technology, the university of northern Iowa, and the state  
 10 university of Iowa, the amount of the special collegiate  
 11 registration fees collected in the previous month for  
 12 collegiate registration plates designed for the university.  
 13 The moneys credited are appropriated to the respective  
 14 universities to be used for scholarships for students  
 15 attending the universities.

16 Sec. 122. Section 321.34, subsection 11, paragraph c, Code  
 17 2003, is amended to read as follows:

18 c. The special natural resources fee for letter number  
 19 designated natural resources plates is thirty-five dollars.  
 20 The fee for personalized natural resources plates is forty-  
 21 five dollars which shall be paid in addition to the special  
 22 natural resources fee of thirty-five dollars. The fees  
 23 collected by the director under this subsection shall be paid  
 24 monthly to the treasurer of state and credited to the road use  
 25 tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to  
 26 the crediting of revenues to the road use tax fund under  
 27 section ~~423-24~~ 423.43, subsection 1, paragraph "b", the  
 28 treasurer of state shall credit monthly from those revenues to  
 29 the Iowa resources enhancement and protection fund created  
 30 pursuant to section 455A.18, the amount of the special natural  
 31 resources fees collected in the previous month for the natural  
 32 resources plates.

33 Sec. 123. Section 321.34, subsection 11A, paragraph c,  
 34 Code 2003, is amended to read as follows:

35 c. The special fee for letter number designated love our ]

1 [kids plates is thirty-five dollars. The fee for personalized  
2 love our kids plates is twenty-five dollars, which shall be  
3 paid in addition to the special love our kids fee of thirty-  
4 five dollars. The fees collected by the director under this  
5 subsection shall be paid monthly to the treasurer of state and  
6 credited to the road use tax fund. Notwithstanding section  
7 ~~423-24~~ 423.43, and prior to the crediting of revenues to the  
8 road use tax fund under section ~~423-24~~ 423.43, subsection 1,  
9 paragraph "b", the treasurer of state shall transfer monthly  
10 from those revenues to the Iowa department of public health  
11 the amount of the special fees collected in the previous month  
12 for the love our kids plates. Notwithstanding section 8.33,  
13 moneys transferred under this subsection shall not revert to  
14 the general fund of the state.

15 Sec. 124. Section 321.34, subsection 11B, paragraph c,  
16 Code 2003, is amended to read as follows:

17 c. The special fee for letter number designated motorcycle  
18 rider education plates is thirty-five dollars. The fee for  
19 personalized motorcycle rider education plates is twenty-five  
20 dollars, which shall be paid in addition to the special  
21 motorcycle rider education fee of thirty-five dollars. The  
22 fees collected by the director under this subsection shall be  
23 paid monthly to the treasurer of state and credited to the  
24 road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and  
25 prior to the crediting of revenues to the road use tax fund  
26 under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the  
27 treasurer of state shall transfer monthly from those revenues  
28 to the department for use in accordance with section 321.180B,  
29 subsection 6, the amount of the special fees collected in the  
30 previous month for the motorcycle rider education plates.

31 Sec. 125. Section 321.34, subsection 13, paragraph d, Code  
32 2003, is amended to read as follows:

33 d. A state agency may submit a request to the department  
34 recommending a special registration plate. The alternate fee  
35 for letter number designated plates is thirty-five dollars.]



1 [with a ten dollar annual special renewal fee. The fee for  
2 personalized plates is twenty-five dollars which is in  
3 addition to the alternative fee of thirty-five dollars with an  
4 annual personalized plate renewal fee of five dollars which is  
5 in addition to the special renewal fee of ten dollars. The  
6 alternate fees are in addition to the regular annual  
7 registration fee. The alternate fees collected under this  
8 paragraph shall be paid monthly to the treasurer of state and  
9 credited to the road use tax fund. Notwithstanding section  
10 ~~423-24~~ 423.43, and prior to the crediting of the revenues to  
11 the road use tax fund under section ~~423-24~~ 423.43, subsection  
12 1, paragraph "b", the treasurer of state shall credit monthly  
13 the amount of the alternate fees collected in the previous  
14 month to the state agency that recommended the special  
15 registration plate.

16 Sec. 126. Section 321.34, subsection 21, paragraph c, Code  
17 2003, is amended to read as follows:

18 c. The special fees collected by the director under this  
19 subsection shall be paid monthly to the treasurer of state and  
20 credited to the road use tax fund. Notwithstanding section  
21 ~~423-24~~ 423.43, and prior to the crediting of revenues to the  
22 road use tax fund under section ~~423-24~~ 423.43, subsection 1,  
23 paragraph "b", the treasurer of state shall credit monthly to  
24 the Iowa heritage fund created under section 303.9A the amount  
25 of the special fees collected in the previous month for the  
26 Iowa heritage plates.

27 Sec. 127. Section 321.34, subsection 22, paragraph b, Code  
28 2003, is amended to read as follows:

29 b. The special school transportation fee for letter number  
30 designated education plates is thirty-five dollars. The fee  
31 for personalized education plates is twenty-five dollars,  
32 which shall be paid in addition to the special school  
33 transportation fee of thirty-five dollars. The annual special  
34 school transportation fee is ten dollars for letter number  
35 designated registration plates and is fifteen dollars for ]

1 [personalized registration plates which shall be paid in  
2 addition to the regular annual registration fee. The fees  
3 collected by the director under this subsection shall be paid  
4 monthly to the treasurer of state and credited to the road use  
5 tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to  
6 the crediting of revenues to the road use tax fund under  
7 section ~~423-24~~ 423.43, subsection 1, paragraph "b", the  
8 treasurer of state shall transfer monthly from those revenues  
9 to the school budget review committee in accordance with  
10 section 257.31, subsection 17, the amount of the special  
11 school transportation fees collected in the previous month for  
12 the education plates.

13 Sec. 128. Section 321F.9, Code 2003, is amended to read as  
14 follows:

15 321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

16 Any person engaged in business in this state shall not  
17 enter into any agreement for the use of a motor vehicle under  
18 the terms of which such that person grants to another an  
19 option to purchase such the motor vehicle without first having  
20 obtained a motor vehicle dealer's license under the provisions  
21 of chapter 322, and all sales of motor vehicles under such  
22 options shall be subject to sales or use taxes imposed under  
23 the provisions of ~~chapters-422-and~~ chapter 423. Nothing  
24 contained in this section shall require such person to have a  
25 place of business as provided by section 322.6, subsection 8.

26 Sec. 129. Section 327I.26, Code 2003, is amended to read  
27 as follows:

28 327I.26 APPROPRIATION TO AUTHORITY.

29 Notwithstanding section ~~423-24~~ 423.43, and prior to the  
30 application of section ~~423-24~~ 423.43, subsection 1, paragraph  
31 "b", there shall be deposited into the general fund of the  
32 state and is appropriated to the authority from eighty percent  
33 of the revenues derived from the operation of section ~~423-7~~  
34 423.26, the amounts certified by the authority under section  
35 327I.25. However, the total amount deposited into the general ]

1 [fund and appropriated to the Iowa railway finance authority  
2 under this section shall not exceed two million dollars  
3 annually. Moneys appropriated to the Iowa railway finance  
4 authority under this section are appropriated only for the  
5 payment of principal and interest on obligations or the  
6 payment of leases guaranteed by the authority as provided  
7 under section 327I.25.

8 Sec. 130. Section 328.26, unnumbered paragraph 2, Code  
9 2003, is amended to read as follows:

10 When an aircraft is registered to a person for the first  
11 time the fee submitted to the department shall include the tax  
12 imposed by section ~~422-43~~ 423.2 or section ~~423-2~~ 423.5 or  
13 evidence of the exemption of the aircraft from the tax imposed  
14 under section ~~422-43~~ 423.2 or ~~423-2~~ 423.5.

15 Sec. 131. Section 331.557, subsection 3, Code 2003, is  
16 amended to read as follows:

17 3. Collect the use tax on vehicles subject to registration  
18 as provided in sections ~~423-67-423-77-and-423-7A~~ 423.14,  
19 423.26, and 423.27.

20 Sec. 132. Section 357A.15, unnumbered paragraph 2, Code  
21 2003, is amended to read as follows:

22 A rural water district organized under chapter 504A shall  
23 receive a refund of sales or use taxes upon submitting an  
24 application to the department of revenue and finance for ~~such~~  
25 the refund of taxes imposed upon the ~~gross-receipts~~ sales  
26 price of all sales of building materials, supplies, or  
27 equipment sold to a contractor or used in the fulfillment of a  
28 written contract for the construction of facilities for ~~such~~  
29 the rural water district to the same extent as a rural water  
30 district organized under this chapter may obtain a refund  
31 under section ~~422-45~~ 423.4, subsection 7 1.

32 Sec. 133. Section 421.10, Code 2003, is amended to read as  
33 follows:

34 421.10 APPEAL PERIOD -- APPLICABILITY.

35 The appeal period for revision of assessment of tax, ]

1 [interest, and penalties set out under section 422.28, 422-54  
2 423.37, 437A.9, 437A.22, 452A.64, 453A.29, or 453A.46 applies  
3 to appeals to notices from the department denying changes in  
4 filing methods, denying refund claims, and denying portions of  
5 refund claims for the tax covered by that section, and notices  
6 of any department action directed to a specific taxpayer,  
7 other than licensing, which involves a calculation.

8 Sec. 134. Section 421.17, subsection 22B, Code 2003, is  
9 amended to read as follows:

10 22B. Enter To enter into agreements or compacts with  
11 remote sellers, retailers, or third-party providers for the  
12 voluntary collection of Iowa sales or use taxes attributable  
13 to sales into Iowa ~~and to enter~~. The director has the  
14 authority to enter into and perform all duties required of the  
15 office of director by multistate agreements or compacts that  
16 provide for the ~~voluntary~~ collection of sales and use taxes,  
17 including joint audits with other states or audits on behalf  
18 of other states. The agreements or compacts shall generally  
19 conform to the provisions of Iowa sales and use tax statutes.  
20 All fees for services, reimbursements, remuneration,  
21 incentives, and costs incurred by the department associated  
22 with these agreements or compacts may be paid or reimbursed  
23 from the additional revenue generated. An amount is  
24 appropriated from amounts generated to pay or reimburse all  
25 costs associated with this subsection. Persons entering into  
26 an agreement or compact with the department pursuant to this  
27 subsection are subject to the requirements and penalties of  
28 the confidentiality laws of this state regarding tax  
29 information. Notwithstanding any other provisions of law, the  
30 contract, agreement, or compact shall provide for the  
31 registration, collection, report, and verification of amounts  
32 subject to this subsection.

33 Sec. 135. Section 421.17, subsection 29, paragraph j, Code  
34 2003, is amended to read as follows:

35 j. The department's existing right to credit against tax ]

1 [due or to become due under section 422.73 or 423.47 is not to  
2 be impaired by a right granted to or a duty imposed upon the  
3 department or other state agency by this subsection. This  
4 subsection is not intended to impose upon the department any  
5 additional requirement of notice, hearing, or appeal  
6 concerning the right to credit against tax due under section  
7 422.73 or 423.47.

8 Sec. 136. Section 421.17, subsection 34, paragraph i, Code  
9 2003, is amended to read as follows:

10 i. The director may distribute to credit reporting  
11 entities and for publication the names, addresses, and amounts  
12 of indebtedness owed to or being collected by the state if the  
13 indebtedness is subject to the centralized debt collection  
14 procedure established in this subsection. The director shall  
15 adopt rules to administer this paragraph, and the rules shall  
16 provide guidelines by which the director shall determine which  
17 names, addresses, and amounts of indebtedness may be  
18 distributed for publication. The director may distribute  
19 information for publication pursuant to this paragraph,  
20 notwithstanding sections 422.20, 422.72, and ~~423-23~~ 423.42, or  
21 any other provision of state law to the contrary pertaining to  
22 confidentiality of information.

23 Sec. 137. Section 421.26, Code 2003, is amended to read as  
24 follows:

25 421.26 PERSONAL LIABILITY FOR TAX DUE.

26 If a licensee or other person under section 452A.65, a  
27 retailer or purchaser under chapter 422A or 422B, or section  
28 ~~422-52~~ 423.31 or 423.33, or a retailer or purchaser under  
29 section ~~423-13~~ 423.32 or a user under section ~~423-14~~ 423.34  
30 fails to pay a tax under those sections when due, an officer  
31 of a corporation or association, notwithstanding sections  
32 490A.601 and 490A.602, a member or manager of a limited  
33 liability company, or a partner of a partnership, having  
34 control or supervision of or the authority for remitting the  
35 tax payments and having a substantial legal or equitable]

1 [interest in the ownership of the corporation, association,  
2 limited liability company, or partnership, who has  
3 intentionally failed to pay the tax is personally liable for  
4 the payment of the tax, interest, and penalty due and unpaid.  
5 However, this section shall not apply to taxes on accounts  
6 receivable. The dissolution of a corporation, association,  
7 limited liability company, or partnership shall not discharge  
8 a person's liability for failure to remit the tax due.

9 Sec. 138. Section 421.28, Code 2003, is amended to read as  
10 follows:

11 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

12 The immediate successor to a licensee's or retailer's  
13 business or stock of goods under chapter 422A or 422B, or  
14 section ~~422.527-423.137-423.147~~ 423.33 or 452A.65, is not  
15 personally liable for the amount of delinquent tax, interest,  
16 or penalty due and unpaid if the immediate successor shows  
17 that the purchase of the business or stock of goods was made  
18 in good faith that no delinquent tax, interest, or penalty was  
19 due and unpaid. For purposes of this section the immediate  
20 successor shows good faith by evidence that the department had  
21 provided the immediate successor with a certified statement  
22 that no delinquent tax, interest, or penalty is unpaid, or  
23 that the immediate successor had taken in good faith a  
24 certified statement from the licensee, retailer, or seller  
25 that no delinquent tax, interest, or penalty is unpaid. When  
26 requested to do so by a person with whom the licensee or  
27 retailer is negotiating the sale of the business or stock of  
28 goods, the director of revenue and finance shall, upon being  
29 satisfied that such a situation exists, inform that person as  
30 to the amount of unpaid delinquent tax, interest, or penalty  
31 due by the licensee or the retailer. The giving of the  
32 information under this circumstance is not a violation of  
33 section 422.20, 422.72, or 452A.63.

34 Sec. 139. Section 421B.11, unnumbered paragraph 3, Code  
35 2003, is amended to read as follows: ]

1 [Judicial review of the actions of the director may be  
2 sought in accordance with the terms of the Iowa administrative  
3 procedure Act, and section ~~422-55~~ 423.38.

4 Sec. 140. Section 422.7, subsection 21, paragraph a,  
5 subparagraph (1), unnumbered paragraph 1, Code 2003, is  
6 amended to read as follows:

7 Net capital gain from the sale of real property used in a  
8 business, in which the taxpayer materially participated for  
9 ten years, as defined in section 469(h) of the Internal  
10 Revenue Code, and which has been held for a minimum of ten  
11 years, or from the sale of a business, as defined in section  
12 ~~422-42~~ 423.1, in which the taxpayer was employed or in which  
13 the taxpayer materially participated for ten years, as defined  
14 in section 469(h) of the Internal Revenue Code, and which has  
15 been held for a minimum of ten years. The sale of a business  
16 means the sale of all or substantially all of the tangible  
17 personal property or service of the business.

18 Sec. 141. Section 422.73, subsection 1, Code 2003, is  
19 amended by striking the subsection.

20 Sec. 142. Section 422A.1, unnumbered paragraphs 1, 3, 7,  
21 and 8, Code 2003, are amended to read as follows:

22 A city or county may impose by ordinance of the city  
23 council or by resolution of the board of supervisors a hotel  
24 and motel tax, at a rate not to exceed seven percent, which  
25 shall be imposed in increments of one or more full percentage  
26 points upon the ~~gross-receipts~~ sales price from the renting of  
27 sleeping rooms, apartments, or sleeping quarters in a hotel,  
28 motel, inn, public lodging house, rooming house, manufactured  
29 or mobile home which is tangible personal property, or tourist  
30 court, or in any place where sleeping accommodations are  
31 furnished to transient guests for rent, whether with or  
32 without meals; except the ~~gross-receipts~~ sales price from the  
33 renting of sleeping rooms in dormitories and in memorial  
34 unions at all universities and colleges located in the state  
35 of Iowa and the guests of a religious institution if the ]

1 [property is exempt under section 427.1, subsection 8, and the  
2 purpose of renting is to provide a place for a religious  
3 retreat or function and not a place for transient guests  
4 generally. The tax when imposed by a city shall apply only  
5 within the corporate boundaries of that city and when imposed  
6 by a county shall apply only outside incorporated areas within  
7 that county. "Renting" and "rent" include any kind of direct  
8 or indirect charge for such sleeping rooms, apartments, or  
9 sleeping quarters, or their use. However, the tax does not  
10 apply to the ~~gross-receipts~~ sales price from the renting of a  
11 sleeping room, apartment, or sleeping quarters while rented by  
12 the same person for a period of more than thirty-one  
13 consecutive days.

14 A local hotel and motel tax shall be imposed on January 1,  
15 April 1, July 1, or October 1, following the notification of  
16 the director of revenue and finance. Once imposed, the tax  
17 shall remain in effect at the rate imposed for a minimum of  
18 one year. A local hotel and motel tax shall terminate only on  
19 March 31, June 30, September 30, or December 31. At least  
20 ~~forty-five~~ sixty days prior to the tax being effective or  
21 prior to a revision in the tax rate, or prior to the repeal of  
22 the tax, a city or county shall provide notice by mail of such  
23 action to the director of revenue and finance.

24 No tax permit other than the state sales tax permit  
25 required under section ~~422-53~~ 423.36 may be required by local  
26 authorities.

27 The tax levied shall be in addition to any state sales tax  
28 imposed under section ~~422-43~~ 423.2. Section 422.25,  
29 subsection 4, sections 422.30, ~~422-48-to-422-52,-422-54-to~~  
30 ~~422-58,~~ 422.67, and 422.68, section 422.69, subsection 1, and  
31 sections 422.70 to 422.75, section 423.14, subsection 1, and  
32 sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35,  
33 423.37 to 423.42, and 423.47, consistent with the provisions  
34 of this chapter, apply with respect to the taxes authorized  
35 under this chapter, in the same manner and with the same ]



1 [effect as if the hotel and motel taxes were retail sales taxes  
2 within the meaning of those statutes. Notwithstanding this  
3 paragraph, the director shall provide for quarterly filing of  
4 returns ~~as prescribed in section 422.51~~ and for other than  
5 quarterly filing of returns both as prescribed in section  
6 ~~422.51, subsection 2~~ 423.31. The director may require all  
7 persons, as defined in section ~~422.42~~ 423.1, who are engaged  
8 in the business of deriving ~~gross receipts~~ any sales price  
9 subject to tax under this chapter, to register with the  
10 department.

11 Sec. 143. Section 422B.8, Code 2003, is amended to read as  
12 follows:

13 422B.8 LOCAL SALES AND SERVICES TAX.

14 A local sales and services tax at the rate of not more than  
15 one percent may be imposed by a county on the ~~gross receipts~~  
16 sales price taxed by the state under chapter 422 423, division  
17 ~~IV~~ subchapter II. A local sales and services tax shall be  
18 imposed on the same basis as the state sales and services tax  
19 or in the case of the use of natural gas, natural gas service,  
20 electricity, or electric service on the same basis as the  
21 state use tax and shall not be imposed on the sale of any  
22 property or on any service not taxed by the state, except the  
23 tax shall not be imposed on the ~~gross receipts~~ sales price  
24 from the sale of motor fuel or special fuel as defined in  
25 chapter 452A which is consumed for highway use or in  
26 watercraft or aircraft if the fuel tax is paid on the  
27 transaction and a refund has not or will not be allowed, on  
28 the ~~gross receipts~~ sales price from the rental of rooms,  
29 apartments, or sleeping quarters which are taxed under chapter  
30 422A during the period the hotel and motel tax is imposed, on  
31 the ~~gross receipts~~ sales price from the sale of equipment by  
32 the state department of transportation, on the ~~gross receipts~~  
33 sales price from the sale of self-propelled building  
34 equipment, pile drivers, motorized scaffolding, or attachments  
35 customarily drawn or attached to self-propelled building]

1 [equipment, pile drivers, and motorized scaffolding, including  
2 auxiliary attachments which improve the performance, safety,  
3 operation, or efficiency of the equipment and replacement  
4 parts and are directly and primarily used by contractors,  
5 subcontractors, and builders for new construction,  
6 reconstruction, alterations, expansion, or remodeling of real  
7 property or structures, and on the gross-receipts sales price  
8 from the sale of a lottery ticket or share in a lottery game  
9 conducted pursuant to chapter 99E and except the tax shall not  
10 be imposed on the gross-receipts sales price from the sale or  
11 use of natural gas, natural gas service, electricity, or  
12 electric service in a city or county where the gross-receipts  
13 sales price from the sale of natural gas or electric energy  
14 are subject to a franchise fee or user fee during the period  
15 the franchise or user fee is imposed. A local sales and  
16 services tax is applicable to transactions within those  
17 incorporated and unincorporated areas of the county where it  
18 is imposed and shall be collected by all persons required to  
19 collect state gross-receipts sales taxes. However, a person  
20 required to collect state retail sales tax under chapter 422  
21 423, division-IV subchapter V or VI, is not required to  
22 collect local sales and services tax on transactions delivered  
23 within the area where the local sales and services tax is  
24 imposed unless the person has physical presence in that taxing  
25 area. All cities contiguous to each other shall be treated as  
26 part of one incorporated area and the tax would be imposed in  
27 each of those contiguous cities only if the majority of those  
28 voting in the total area covered by the contiguous cities  
29 favor its imposition.

30 The amount of the sale, for purposes of determining the  
31 amount of the local sales and services tax, does not include  
32 the amount of any state gross-receipts-taxes sales tax.

33 A tax permit other than the state sales tax permit required  
34 under section ~~422-53-or-423-10~~ 423.36 shall not be required by  
35 local authorities.]

1 [If a local sales and services tax is imposed by a county  
2 pursuant to this chapter, a local excise tax at the same rate  
3 shall be imposed by the county on the purchase price of  
4 natural gas, natural gas service, electricity, or electric  
5 service subject to tax under chapter 423, subchapter III, and  
6 not exempted from tax by any provision of chapter 423,  
7 subchapter III. The local excise tax is applicable only to  
8 the use of natural gas, natural gas service, electricity, or  
9 electric service within those incorporated and unincorporated  
10 areas of the county where it is imposed and, except as  
11 otherwise provided in this chapter, shall be collected and  
12 administered in the same manner as the local sales and  
13 services tax. For purposes of this chapter, "local sales and  
14 services tax" shall also include the local excise tax.

15 Sec. 144. Section 422B.9, subsections 1 and 2, Code 2003,  
16 are amended to read as follows:

17 1. a. A local sales and services tax shall be imposed  
18 either January 1 or July 1 following the notification of the  
19 director of revenue and finance but not sooner than ninety  
20 days following the favorable election and not sooner than  
21 sixty days following notice to sellers, as defined in section  
22 423.1. However, a jurisdiction which has voted to continue  
23 imposition of the tax may impose that tax without repeal of  
24 the prior tax.

25 b. A local sales and services tax shall be repealed only  
26 on June 30 or December 31 but not sooner than ninety days  
27 following the favorable election if one is held. However, a  
28 local sales and services tax shall not be repealed before the  
29 tax has been in effect for one year. At least forty days  
30 before the imposition or repeal of the tax, a county shall  
31 provide notice of the action by certified mail to the director  
32 of revenue and finance.

33 c. The imposition of or a rate change for a local sales  
34 and service tax shall not be applied to purchases from a  
35 printed catalog wherein a purchaser computes the local tax ]

1 based on rates published in the catalog unless a minimum of  
2 one hundred twenty days' notice of the imposition or rate  
3 change has been given to the seller from the catalog and the  
4 first day of a calendar quarter has occurred on or after the  
5 one hundred twentieth day.

6 e- d. If a local sales and services tax has been imposed  
7 prior to April 1, 2000, and at the time of the election a date  
8 for repeal was specified on the ballot, the local sales and  
9 services tax may be repealed on that date, notwithstanding  
10 paragraph "b".

11 2. a. The director of revenue and finance shall  
12 administer a local sales and services tax as nearly as  
13 possible in conjunction with the administration of state **gross**  
14 **receipts sales** tax laws. The director shall provide  
15 appropriate forms or provide on the regular state tax forms  
16 for reporting local sales and services tax liability.

17 b. The ordinance of a county board of supervisors imposing  
18 a local sales and services tax shall adopt by reference the  
19 applicable provisions of the appropriate sections of **chapter**  
20 ~~422-division-IV, and~~ chapter 423. All powers and  
21 requirements of the director to administer the state **gross**  
22 **receipts sales** tax law and use tax law are applicable to the  
23 administration of a local sales and services tax law and the  
24 local excise tax, including but not limited to, the provisions  
25 of section 422.25, subsection 4, sections 422.30, ~~422-48-to~~  
26 ~~422-52, 422-54-to-422-58,~~ 422.67, and 422.68, section 422.69,  
27 subsection 1, sections 422.70 to 422.75, ~~423-6, subsections-2~~  
28 ~~to-4, and sections-423-11-to-423-18, and-423-21~~ section  
29 423.14, subsection 1 and subsection 2, paragraphs "b" through  
30 "e", and sections 423.15, 423.23, 423.24, 423.25, 423.31 to  
31 423.35, 423.37 to 423.42, 423.46, and 423.47. Local officials  
32 shall confer with the director of revenue and finance for  
33 assistance in drafting the ordinance imposing a local sales  
34 and services tax. A certified copy of the ordinance shall be  
35 filed with the director as soon as possible after passage.]

1 [c. Frequency of deposits and quarterly reports of a local  
2 sales and services tax with the department of revenue and  
3 finance are governed by the tax provisions in section 422-52  
4 423.31. Local tax collections shall not be included in  
5 computation of the total tax to determine frequency of filing  
6 under section 422-52 423.31.

7 d. The director shall apply a boundary change of a county  
8 or city imposing or collecting the local sales and service tax  
9 to the imposition or collection of that tax only on the first  
10 day of a calendar quarter which occurs sixty days or more  
11 after the director has given notice of the boundary change to  
12 sellers.

13 Sec. 145. Section 422C.2, subsections 4 and 6, Code 2003,  
14 are amended to read as follows:

15 4. "Person" means person as defined in section 422-42  
16 423.1.

17 6. "Rental price" means the consideration for renting an  
18 automobile valued in money, and means the same as "gross  
19 taxable-services" "sales price" as defined in section 422-42  
20 423.1.

21 Sec. 146. Section 422C.3, Code 2003, is amended to read as  
22 follows:

23 422C.3 TAX ON RENTAL OF AUTOMOBILES.

24 1. A tax of five percent is imposed upon the rental price  
25 of an automobile if the rental transaction is subject to the  
26 sales and services tax under chapter 422 423, division-IV  
27 subchapter II, or the use tax under chapter 423, subchapter  
28 III. The tax shall not be imposed on any rental transaction  
29 not taxable under the state sales and services tax, as  
30 provided in section 422-45 423.3, or the state use tax, as  
31 provided in section 423-4 423.6, on automobile rental  
32 receipts.

33 2. The lessor shall collect the tax by adding the tax to  
34 the rental price of the automobile.

35 3. The tax, when collected, shall be stated as a distinct ]

1 [item separate and apart from the rental price of the  
2 automobile and the sales and services tax imposed under  
3 chapter ~~422~~ 423, ~~division-IV~~ subchapter II, or the use tax  
4 imposed under chapter ~~423~~, subchapter III.

5 Sec. 147. Section 422C.4, Code 2003, is amended to read as  
6 follows:

7 422C.4 ADMINISTRATION AND ENFORCEMENT.

8 All powers and requirements of the director of revenue and  
9 finance to administer the state ~~gross-receipts~~ sales tax law  
10 under chapter ~~422~~-~~division-IV~~, 423 are applicable to the  
11 administration of the tax imposed under section 422C.3,  
12 including but not limited to section 422.25, subsection 4,  
13 sections 422.30, ~~422-48-through-422-52~~, ~~422-54-through-422-58~~,  
14 422.67, and 422.68, section 422.69, subsection 1, and sections  
15 422.70 through 422.75, section 423.14, subsection 1, and  
16 sections 423.15, 423.23, 423.24, 423.25, 423.31, 423.33,  
17 423.35 and 423.37 through 423.42, 423.45, 423.46, and 423.47.  
18 However, as an exception to the powers specified in section  
19 ~~422-52~~-~~subsection-1~~ 423.31, the director shall only require  
20 the filing of quarterly reports.

21 Sec. 148. Section 422E.1, subsection 1, is amended to read  
22 as follows:

23 1. A local sales and services tax for school  
24 infrastructure purposes may be imposed by a county on behalf  
25 of school districts as provided in this chapter.

26 If a local sales and services tax for school infrastructure  
27 is imposed by a county pursuant to this chapter, a local  
28 excise tax for school infrastructure at the same rate shall be  
29 imposed by the county on the purchase price of natural gas,  
30 natural gas service, electricity, or electric service subject  
31 to tax under chapter ~~423~~, subchapter III, and not exempted  
32 from tax by any provision of chapter ~~423~~, subchapter III. The  
33 local excise tax for school infrastructure is applicable only  
34 to the use of natural gas, natural gas service, electricity,  
35 or electric service within those incorporated and ]

1 [unincorporated areas of the county where it is imposed and,  
2 except as otherwise provided in this chapter, shall be  
3 collected and administered in the same manner as the local  
4 sales and services tax for school infrastructure. For  
5 purposes of this chapter, "local sales and services tax for  
6 school infrastructure" shall also include the local excise tax  
7 for school infrastructure.

8 Sec. 149. Section 422E.3, subsections 1, 2, and 3, Code  
9 2003, are amended to read as follows:

10 1. If a majority of those voting on the question of  
11 imposition of a local sales and services tax for school  
12 infrastructure purposes favors imposition of the tax, the tax  
13 shall be imposed by the county board of supervisors within the  
14 county pursuant to section 422E.2, at the rate specified for a  
15 ten-year duration on the ~~gross-receipts~~ sales price taxed by  
16 the state under chapter 422 ~~423~~, ~~division-IV~~ subchapter II.

17 2. The tax shall be imposed on the same basis as the state  
18 sales and services tax or in the case of the use of natural  
19 gas, natural gas service, electricity, or electric service on  
20 the same basis as the state use tax and shall not be imposed  
21 on the sale of any property or on any service not taxed by the  
22 state, except the tax shall not be imposed on the ~~gross~~  
23 ~~receipts~~ sales price from the sale of motor fuel or special  
24 fuel as defined in chapter 452A which is consumed for highway  
25 use or in watercraft or aircraft if the fuel tax is paid on  
26 the transaction and a refund has not or will not be allowed,  
27 on the ~~gross-receipts~~ sales price from the rental of rooms,  
28 apartments, or sleeping quarters which are taxed under chapter  
29 422A during the period the hotel and motel tax is imposed, on  
30 the ~~gross-receipts~~ sales price from the sale of equipment by  
31 the state department of transportation, on the ~~gross-receipts~~  
32 sales price from the sale of self-propelled building  
33 equipment, pile drivers, motorized scaffolding, or attachments  
34 customarily drawn or attached to self-propelled building  
35 equipment, pile drivers, and motorized scaffolding, including]

1 [auxiliary attachments which improve the performance, safety,  
2 operation, or efficiency of the equipment, and replacement  
3 parts and are directly and primarily used by contractors,  
4 subcontractors, and builders for new construction,  
5 reconstruction, alterations, expansion, or remodeling of real  
6 property or structures, and on the gross-receipts sales price  
7 from the sale of a lottery ticket or share in a lottery game  
8 conducted pursuant to chapter 99E and except the tax shall not  
9 be imposed on the gross-receipts sales price from the sale or  
10 use of natural gas, natural gas service, electricity, or  
11 electric service in a city or county where the gross-receipts  
12 sales price from the sale of natural gas or electric energy  
13 are subject to a franchise fee or user fee during the period  
14 the franchise or user fee is imposed.

15 3. The tax is applicable to transactions within the county  
16 where it is imposed and shall be collected by all persons  
17 required to collect state gross-receipts sales or local excise  
18 taxes. However, a person required to collect state ~~retail~~  
19 sales tax under chapter ~~422-division-IV~~, 423 is not required  
20 to collect local sales and services tax on transactions  
21 delivered within the area where the local sales and services  
22 tax is imposed unless the person has physical presence in that  
23 taxing area. The amount of the sale, for purposes of  
24 determining the amount of the tax, does not include the amount  
25 of any state gross-receipts sales taxes or excise taxes or  
26 other local option sales or excise taxes. A tax permit other  
27 than the state tax permit required under section ~~422-53-or~~  
28 ~~423-10~~ 423.36 shall not be required by local authorities.

29 Sec. 150. Section 425.30, Code 2003, is amended to read as  
30 follows:

31 425.30 NOTICES.

32 Section ~~422-57~~ 423.39, subsection 1, shall apply to all  
33 notices under this division.

34 Sec. 151. Section 425.31, Code 2003, is amended to read as  
35 follows: ]



## 1 [425.31 APPEALS.

2 Any person aggrieved by an act or decision of the director  
3 of revenue and finance or the department of revenue and  
4 finance under this division shall have the same rights of  
5 appeal and review as provided in sections 421.1 and ~~422.55~~  
6 423.38 and the rules of the department of revenue and finance.

7 Sec. 152. Section 452A.66, unnumbered paragraph 1, Code  
8 2003, is amended to read as follows:

9 The appropriate state agency shall administer the taxes  
10 imposed by this chapter in the same manner as and subject to  
11 section 422.25, subsection 4 and section ~~422.527-subsection-3~~  
12 423.35.

13 Sec. 153. Section 455B.455, Code 2003, is amended to read  
14 as follows:

## 15 455B.455 SURCHARGE IMPOSED.

16 A land burial surcharge tax of two percent is imposed on  
17 the fee for land burial of a hazardous waste. The owner of  
18 the land burial facility shall remit the tax collected to the  
19 director of revenue and finance after consultation with the  
20 director according to rules that the director shall adopt.  
21 The director shall forward a copy of the site license to the  
22 director of revenue and finance which shall be the appropriate  
23 license for the collection of the land burial surcharge tax  
24 and shall be subject to suspension or revocation if the site  
25 license holder fails to collect or remit the tax collected  
26 under this section. The provisions of ~~sections~~ section  
27 422.25, subsection 4, sections 422.30, ~~422.48-to-422.527~~  
28 ~~422.54-to-422.587~~ 422.67, and 422.68, section 422.69,  
29 subsection 1, and sections 422.70 to 422.75, section 423.14,  
30 subsection 1, and sections 423.23, 423.24, 423.25, 423.31,  
31 423.33, 423.35, 423.37 to 423.42, and 423.47, consistent with  
32 the provisions of this part 6 of division IV, shall apply with  
33 respect to the taxes authorized under this part, in the same  
34 manner and with the same effect as if the land burial  
35 surcharge tax were ~~retail~~ sales taxes within the meaning of ]

1 [those statutes. Notwithstanding the provisions of this  
2 paragraph section, the director shall provide for only  
3 quarterly filing of returns as prescribed in section ~~422-51~~  
4 423.31. Taxes collected by the director of revenue and  
5 finance under this section shall be deposited in the general  
6 fund of the state.

7 Sec. 154. Section 455G.3, subsection 1, Code 2003, is  
8 amended to read as follows:

9 1. The Iowa comprehensive petroleum underground storage  
10 tank fund is created as a separate fund in the state treasury,  
11 and any funds remaining in the fund at the end of each fiscal  
12 year shall not revert to the general fund but shall remain in  
13 the Iowa comprehensive petroleum underground storage tank  
14 fund. Interest or other income earned by the fund shall be  
15 deposited in the fund. The fund shall include moneys credited  
16 to the fund under this section, section ~~423-24~~ 423.43,  
17 subsection 1, paragraph "a", and sections 455G.8, 455G.9, and  
18 455G.11, and other funds which by law may be credited to the  
19 fund. The moneys in the fund are appropriated to and for the  
20 purposes of the board as provided in this chapter. Amounts in  
21 the fund shall not be subject to appropriation for any other  
22 purpose by the general assembly, but shall be used only for  
23 the purposes set forth in this chapter. The treasurer of  
24 state shall act as custodian of the fund and disburse amounts  
25 contained in it as directed by the board including automatic  
26 disbursements of funds as received pursuant to the terms of  
27 bond indentures and documents and security provisions to  
28 trustees and custodians. The treasurer of state is authorized  
29 to invest the funds deposited in the fund at the direction of  
30 the board and subject to any limitations contained in any  
31 applicable bond proceedings. The income from such investment  
32 shall be credited to and deposited in the fund. The fund  
33 shall be administered by the board which shall make  
34 expenditures from the fund consistent with the purposes of the  
35 programs set out in this chapter without further ]

1 [appropriation. The fund may be divided into different  
2 accounts with different depositories as determined by the  
3 board and to fulfill the purposes of this chapter.

4 Sec. 155. Section 455G.6, subsection 4, Code 2003, is  
5 amended to read as follows:

6 4. Grant a mortgage, lien, pledge, assignment, or other  
7 encumbrance on one or more improvements, revenues, asset of  
8 right, accounts, or funds established or received in  
9 connection with the fund, including revenues derived from the  
10 use tax under section ~~423-24~~ 423.43, subsection 1, paragraph  
11 "a", and deposited in the fund or an account of the fund.

12 Sec. 156. Section 455G.8, subsection 2, Code 2003, is  
13 amended to read as follows:

14 2. USE TAX. The revenues derived from the use tax imposed  
15 under chapter 423, subchapter III. The proceeds of the use  
16 tax under section ~~423-24~~ 423.43, subsection 1, paragraph "a",  
17 shall be allocated, consistent with this chapter, among the  
18 fund's accounts, for debt service and other fund expenses,  
19 according to the fund budget, resolution, trust agreement, or  
20 other instrument prepared or entered into by the board or  
21 authority under direction of the board.

22 Sec. 157. Section 455G.9, subsection 2, Code 2003, is  
23 amended to read as follows:

24 2. REMEDIAL ACCOUNT FUNDING. The remedial account shall  
25 be funded by that portion of the proceeds of the use tax  
26 imposed under chapter 423, subchapter III, and other moneys  
27 and revenues budgeted to the remedial account by the board.

28 Sec. 158. Section 2.67, Code 2003, is repealed.

29 Sec. 159. CODE EDITOR DIRECTIVE. The Code editor is  
30 directed to transfer Code chapter 423A to Code chapter 421A  
31 and to transfer Code chapters 422A, 422B, 422C, and 422E to  
32 Code chapters 423A, 423B, 423C, and 423E, respectively. The  
33 Code editor is directed to correct Code references as required  
34 due to the changes made in this Act.

35

SALES TAX ADVISORY COUNCIL ]

1 [Sec. 160. IOWA STREAMLINED SALES TAX ADVISORY COUNCIL.

2 1. An Iowa streamlined sales tax advisory council is  
3 created. The advisory council shall review, study, and submit  
4 recommendations to the Iowa streamlined sales and use tax  
5 delegation regarding the proposed streamlined sales and use  
6 tax agreement formalized by the project's implementing sales  
7 on November 12, 2002, the proposed language conforming Iowa's  
8 sales and use tax to the national agreement, and the following  
9 issues:

10 a. Uniform definitions proposed in the current streamlined  
11 sales and use tax agreement and future proposals.

12 b. Effects upon taxability of items newly defined in Iowa.

13 c. Impacts upon business as a result of the streamlined  
14 sales and use tax.

15 d. Technology implementation issues.

16 e. Any other issues that are brought before the  
17 streamlined sales and use tax implementing state or the  
18 streamlined sales and use tax governing board.

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

27 3. The director of revenue, in consultation with the Iowa  
28 taxpayers association and the Iowa association of business and  
29 industry, shall appoint members to the Iowa streamlined sales  
30 tax advisory council, which shall consist of the following  
31 members:

32 a. One member from the department of revenue and finance.

33 b. Three members representing small Iowa businesses, at  
34 least one of whom must be a retailer, and at least one of whom  
35 shall be a supplier.]

1 [c. Three members representing medium Iowa businesses, at  
2 least one of whom shall be a retailer, and at least one of  
3 whom shall be a supplier.

4 d. Three members representing large Iowa businesses, at  
5 least one of whom shall be a retailer, and at least one of  
6 whom shall be a supplier.

7 e. One member representing taxpayers as a whole.

8 f. One member representing the retail community as a  
9 whole.

10 g. Any other member the director of revenue and finance  
11 deems appropriate.

12 Sec. 161. EFFECTIVE DATE. Except for the section creating  
13 the Iowa streamlined sales tax advisory council, this division  
14 of this Act takes effect July 1, 2004.]

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S-3392

1 Amend House File 683, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "DIVISION I

6 STATE EMPLOYEE SALARIES

7 Section 1. 2003 Iowa Acts, Senate File 458,  
8 section 48, unnumbered paragraphs 1 and 2, if enacted,  
9 are amended to read as follows:

10 There is appropriated from the general fund of the  
11 state to the salary adjustment fund for distribution  
12 by the department of management to the various state  
13 departments, boards, commissions, councils, and  
14 agencies, and to the state board of regents for those  
15 persons employed at the state school for the deaf and  
16 the Iowa braille and sight saving school, for the  
17 fiscal year beginning July 1, 2003, and ending June  
18 30, 2004, the amount of ~~\$28,000,000~~ \$30,000,000, or so  
19 much thereof as may be necessary, to fully fund annual  
20 pay adjustments, expense reimbursements, and related  
21 benefits implemented pursuant to the following:

22 Of the amount appropriated in this section,  
23 ~~\$2,668,000~~ \$2,818,000 shall be allocated to the  
24 judicial branch for the purpose of funding annual pay  
25 adjustments, expense reimbursements, and related  
26 benefits implemented for judicial branch employees.

27 In distributing the remainder of the amount  
28 appropriated in this section, the department of  
29 management, in order to address essential public  
30 protection functions and recognizing the availability  
31 of funds appropriated in other Acts of the general  
32 assembly and other sources, shall give priority, in  
33 descending order, to the department of corrections,  
34 department of human services, and department of public  
35 safety, and then to the remaining state departments,  
36 boards, commissions, councils, and agencies to which  
37 the appropriation is applicable.

38 Sec. 2. STATE COURTS -- JUSTICES, JUDGES, AND  
39 MAGISTRATES.

40 1. Of the amount allocated for the judicial branch  
41 in 2003 Iowa Acts, Senate File 458, section 48, if  
42 enacted, \$150,000 is allocated to fund the changes in  
43 this section to the salaries of justices, judges, and  
44 magistrates.

45 2. The following annual salary rates shall be paid  
46 to the persons holding the judicial positions  
47 indicated during the fiscal year beginning July 1,  
48 2003, effective with the pay period beginning December  
49 19, 2003, and for subsequent pay periods:

50 a. Chief justice of the supreme court:

S-3392

1	.....	\$	127,040
2	b. Each justice of the supreme court:		
3	.....	\$	122,500
4	c. Chief judge of the court of appeals:		
5	.....	\$	122,380
6	d. Each associate judge of the court of appeals:		
7	.....	\$	117,850
8	e. Each chief judge of a judicial district:		
9	.....	\$	116,760
10	f. Each district judge except the chief judge of a		
11	judicial district:		
12	.....	\$	112,010
13	g. Each district associate judge:		
14	.....	\$	97,610
15	h. Each associate juvenile judge:		
16	.....	\$	97,610
17	i. Each associate probate judge:		
18	.....	\$	97,610
19	j. Each judicial magistrate:		
20	.....	\$	29,100
21	k. Each senior judge:		
22	.....	\$	6,500
23	3. Persons receiving the salary rates established		
24	under subsection 2 shall not receive any additional		
25	salary adjustments provided by 2003 Iowa Acts, Senate		
26	File 458, division V.		

DIVISION II

APPROPRIATIONS AND APPROPRIATIONS REVISIONS

INSURANCE DIVISION

30 Sec. 3. INSURANCE STUDY. There is appropriated  
31 from the general fund of the state to the department  
32 of commerce for the fiscal year beginning July 1,  
33 2003, and ending June 30, 2004, the following amount,  
34 or so much thereof as is necessary, to be used for the  
35 purpose designated:

36 For the insurance division to implement the school  
37 health insurance reform team study in accordance with  
38 2003 Iowa Acts, Senate File 386:

39	.....	\$	15,000
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DEPARTMENT OF MANAGEMENT

41 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND  
42 APPROPRIATION. There is appropriated from the general  
43 fund of the state to the department of management for  
44 the fiscal year beginning July 1, 2003, and ending  
45 June 30, 2004, the following amount, or so much  
46 thereof as is necessary, to be used for the purpose  
47 designated:

48 For deposit in the local government innovation fund  
49 created in section 8.64:

50	.....	\$	1,000,000
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1 Notwithstanding section 8.64, subsection 4, if  
2 enacted by 2003 Iowa Acts, Senate File 453, section  
3 27, the local government innovation fund committee may  
4 provide up to 20 percent of the amount appropriated in  
5 this section in the form of forgivable loans or as  
6 grants for those projects that propose a new and  
7 innovative sharing initiative that would serve as an  
8 important model for cities and counties.

9 DEPARTMENT OF CORRECTIONS

10 Sec. 5. There is appropriated from the rebuild  
11 Iowa infrastructure fund to the department of  
12 corrections for the fiscal year beginning July 1,  
13 2003, and ending June 30, 2004, the following amounts,  
14 or so much thereof as is necessary, to be used for the  
15 purposes designated:

- 16 1. For expansion of the Luster Heights facility  
17 into a community-based corrections facility and an  
18 institutional work and substance abuse treatment  
19 center:  
20 ..... \$ 92,000
- 21 2. For conversion of the Clarinda lodge into  
22 minimum security bed space:  
23 ..... \$ 730,000

24 Sec. 6. 2003 Iowa Acts, Senate File 439, section  
25 , subsection 1, paragraphs b and g, as enacted, are  
26 amended to read as follows:

- 27 b. For the operation of the Anamosa correctional  
28 facility, including salaries, support, maintenance,  
29 employment of correctional officers and a part-time  
30 chaplain to provide religious counseling to inmates of  
31 a minority race, miscellaneous purposes, and for not  
32 more than the following full-time equivalent  
33 positions:  
34 ..... \$ 24,531,917  
35 ..... 25,196,085  
36 ..... FTEs 375.75

37 Moneys are provided within this appropriation for  
38 one full-time substance abuse counselor for the Luster  
39 Heights facility, for the purpose of certification of  
40 a substance abuse program at that facility. Of the  
41 funds appropriated in this paragraph "b", \$664,000 is  
42 allocated for implementation costs associated with  
43 expansion of the Luster Heights facility.

- 44 g. For the operation of the Clarinda correctional  
45 facility, including salaries, support, maintenance,  
46 employment of correctional officers, miscellaneous  
47 purposes, and for not more than the following full-  
48 time equivalent positions:  
49 ..... \$ 18,595,788  
50 ..... 19,389,220



1 ..... FTEs 291.76  
2 Moneys received by the department of corrections as  
3 reimbursement for services provided to the Clarinda  
4 youth corporation are appropriated to the department  
5 and shall be used for the purpose of operating the  
6 Clarinda correctional facility.

7 Of the funds appropriated in this paragraph "g",  
8 \$793,432 is allocated for implementation costs  
9 associated with expansion of the conversion of the  
10 Clarinda lodge, with \$277,500 of the allocation for  
11 one-time costs and \$515,932 for ongoing costs.

12 PUBLIC TRANSIT

13 Sec. 7. 2003 Iowa Acts, Senate File 458, section  
14 8, if enacted, is amended to read as follows:

15 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.  
16 Notwithstanding section 312.2, subsection 14, the  
17 amount appropriated from the general fund of the state  
18 under section 312.2, subsection 14, to the state  
19 department of transportation for public transit  
20 assistance under chapter 324A for the fiscal year  
21 beginning July 1, 2003, and ending June 30, 2004, is  
22 reduced by the following amount:

23 ..... \$ ~~1,298,675~~  
24 ..... 2,582,800

25 OFFICE OF THE GOVERNOR

26 Sec. 8. 2003 Iowa Acts, House File 655, section 5,  
27 subsection 1, if enacted, is amended to read as  
28 follows:

29 1. GENERAL OFFICE

30 For salaries, support, maintenance, and  
31 miscellaneous purposes for the general office of the  
32 governor and the general office of the lieutenant  
33 governor, and for not more than the following full-  
34 time equivalent positions:

35 ..... \$ ~~1,243,643~~  
36 ..... 1,493,643  
37 ..... FTEs 17.25  
38 ..... 19.25

39 Of the amount appropriated in this section,  
40 \$250,000 is allocated for two full-time equivalent  
41 positions in the office of the governor that were  
42 previously funded by other state departments and  
43 agencies.

44 DEPARTMENT OF REVENUE

45 Sec. 9. 2003 Iowa Acts, House File 655, section  
46 31, if enacted, is amended to read as follows:

47 SEC. 31. DEPARTMENT OF REVENUE. There is  
48 appropriated from the general fund of the state to the  
49 department of revenue for the fiscal year beginning  
50 July 1, 2003, and ending June 30, 2004, the following

1 amounts, or so much thereof as is necessary, to be  
2 used for the purposes designated, and for not more  
3 than the following full-time equivalent positions used  
4 for the purposes designated in subsection 1:

5 ..... FTEs 378.87  
6 380.87

7 Of the full-time equivalent positions authorized in  
8 this section, two full-time equivalent positions are  
9 allocated for new positions to assist in preparation  
10 of information for the revenue estimating conference  
11 and in improving the turnaround time for processing  
12 corporate tax filings.

13 1. COMPLIANCE -- INTERNAL RESOURCES MANAGEMENT --  
14 STATE FINANCIAL MANAGEMENT -- STATEWIDE PROPERTY TAX  
15 ADMINISTRATION

16 For salaries, support, maintenance, and  
17 miscellaneous purposes:

18 ..... \$ 23,259,111  
19 23,359,111

20 Of the funds appropriated pursuant to this  
21 subsection, \$400,000 shall be used to pay the direct  
22 costs of compliance related to the collection and  
23 distribution of local sales and services taxes imposed  
24 pursuant to chapters 422B and 422E.

25 The director of revenue shall prepare and issue a  
26 state appraisal manual and the revisions to the state  
27 appraisal manual as provided in section 421.17,  
28 subsection 18, without cost to a city or county.

29 2. COLLECTION COSTS AND FEES

30 For payment of collection costs and fees pursuant  
31 to section 422.26:

32 ..... \$ 28,166

33 DEPARTMENT OF PUBLIC HEALTH

34 Sec. 10. 2003 Iowa Acts, House File 667, section  
35 2, subsection 8, as enacted, is amended to read as  
36 follows:

37 8. INFECTIOUS DISEASES

38 For reducing the incidence and prevalence of  
39 communicable diseases, and for not more than the  
40 following full-time equivalent positions:

41 ..... \$ 977,340  
42 1,074,888  
43 ..... FTEs 36.90

44 DIVISION III

45 MISCELLANEOUS PROVISIONS

46 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE -- REVIEW  
47 OF CONTINUING CARE RETIREMENT COMMUNITIES -- ASSISTED  
48 LIVING PROGRAM APPLICABILITY. The government  
49 oversight committees shall review the application of  
50 chapter 231C, relating to assisted living programs, to

1 continuing care retirement communities, as defined in  
2 section 523D.1. The committees shall submit  
3 recommendations for any legislation deemed necessary  
4 for consideration during the 2004 regular legislative  
5 session.

6 Sec. 12. Section 15E.193B, subsection 4, Code  
7 2003, as amended by 2003 Iowa Acts, Senate File 458,  
8 section 100, if enacted, is amended to read as  
9 follows:

10 4. The eligible housing business shall complete  
11 its building or rehabilitation within two years from  
12 the time the business begins construction on the  
13 single-family homes and dwelling units. The failure  
14 to complete construction or rehabilitation within two  
15 years shall result in the eligible housing business  
16 becoming ineligible and subject to the repayment  
17 requirements and penalties enumerated in subsection 7.  
18 The department may extend the prescribed two-year  
19 completion period for any current or future project  
20 which has not been completed if the department  
21 determines that completion within the two-year period  
22 is impossible or impractical as a result of a  
23 substantial loss caused by flood, fire, earthquake,  
24 storm, or other catastrophe. For purposes of this  
25 subsection, "substantial loss" means damage or  
26 destruction in an amount in excess of thirty percent  
27 of the project's expected eligible basis as set forth  
28 in the eligible housing business's application.

29 Sec. 13. Section 215.14, Code 2003, is amended to  
30 read as follows:

31 215.14 APPROVAL BY DEPARTMENT.

32 A commercial weighing and measuring device shall  
33 not be installed in this state unless approved by the  
34 department. ~~All livestock scales and~~

35 1. A pit type scales scale or any other scale  
36 installed in a pit, regardless of capacity, that is  
37 installed on or after July 1, 1990, shall have a  
38 clearance of not less than four feet from the finished  
39 floor line of the scale to the bottom of the "I" beam  
40 of the scale bridge. Livestock shall not be weighed  
41 on any scale other than a livestock scale or pit type  
42 scale.

43 2. An electronic pitless scale shall be placed on  
44 concrete footings with concrete floor. The concrete  
45 floor shall allow for adequate drainage away from the  
46 scale as required by the department. There shall be a  
47 clearance of not less than eight inches between the  
48 weigh bridge and the concrete floor to facilitate  
49 inspection and cleaning.

50 3. After approval by the department, the

1 specifications for a commercial weighing and measuring  
2 device shall be furnished to the purchaser of the  
3 device by the manufacturer. The approval shall be  
4 based upon the recommendation of the United States  
5 national institute of standards and technology.

6 Sec. 14. Section 231C.17, subsection 4, if enacted  
7 by 2003 Iowa Acts, House File 675, section 24, is  
8 amended by striking the subsection and inserting in  
9 lieu thereof the following:

10 4. A continuing care retirement community that is  
11 in compliance with chapter 523D shall not be held in  
12 violation of this chapter if the continuing care  
13 retirement community provides personal care services  
14 to its independent living tenants if all of the  
15 following conditions are met:

16 a. The independent living tenants being provided  
17 personal care services under this subsection do not  
18 require staff supervision during the period when such  
19 services are not being provided.

20 b. The portions of the continuing care retirement  
21 community in which tenants reside who do require staff  
22 supervision beyond the period in which personal care  
23 services are being provided are certified in  
24 accordance with this chapter or other applicable  
25 chapter.

26 c. Independent living tenants are provided the  
27 option of retaining personal care services from a  
28 person other than the continuing care retirement  
29 community.

30 For the purposes of this subsection, "continuing  
31 care retirement community" means as defined in section  
32 523D.1.

33 Sec. 15. Section 384.84, Code 2003, is amended by  
34 adding the following new subsection:

35 NEW SUBSECTION. 9. Notwithstanding subsection 3,  
36 a lien shall not be filed against the land if the  
37 premises are located on leased land. If the premises  
38 are located on leased land, a lien may be filed  
39 against the premises only.

40 Sec. 16. Section 422E.3A, subsection 2, paragraph  
41 a, if enacted by 2003 Iowa Acts, Senate File 445,  
42 section 8, is amended to read as follows:

43 a. A school district that is located in whole or  
44 in part in a county that voted on and approved prior  
45 to April 1, 2003, the local sales and services tax for  
46 school infrastructure purposes and that has a sales  
47 tax capacity per student above the guaranteed school  
48 infrastructure amount shall receive for the remainder  
49 of the term of the tax an amount equal to its pro rata  
50 share of the local sales and services tax receipts as

1 provided in section 422E.3, subsection 5, paragraph  
2 "d", unless the school board passes a resolution by  
3 October 1, 2003, agreeing to receive a distribution  
4 pursuant to paragraph "b", subparagraph (1).

5 Sec. 17. Section 422E.3A, subsection 2, paragraph  
6 b, subparagraph (1), if enacted by 2003 Iowa Acts,  
7 Senate File 445, section 8, is amended to read as  
8 follows:

9 (1) A school district that is located in whole or  
10 in part in a county that voted on and approved prior  
11 to April 1, 2003, the local sales and services tax for  
12 school infrastructure purposes and that has a sales  
13 tax capacity per student below its guaranteed school  
14 infrastructure amount shall receive for the remainder  
15 of the term of the tax an amount equal to its pro rata  
16 share of the local sales and services tax receipts as  
17 provided in section 422E.3, subsection 5, paragraph  
18 "d", plus an amount equal to its supplemental school  
19 infrastructure amount, unless the school district  
20 passes a resolution by October 1, 2003, agreeing to  
21 receive only an amount equal to its pro rata share as  
22 provided in section 422E.3, subsection 5, paragraph  
23 "d", in all subsequent years.

24 Sec. 18. Section 435.26A, subsection 5, as enacted  
25 by 2003 Iowa Acts, Senate File 134, section 7, and as  
26 amended by 2003 Iowa Acts, Senate File 458, section  
27 128, if enacted, is amended to read as follows:

28 5. An owner of a manufactured home who has  
29 surrendered a certificate of title under this section  
30 and requires another certificate of title for the  
31 manufactured home is required to apply for a  
32 certificate of title under ~~section 321.42~~ chapter 321.  
33 If supporting documents for the reissuance of a title  
34 are not available or sufficient, the procedure for the  
35 reissuance of a title specified in the rules of the  
36 department of transportation shall be used.

37 Sec. 19. Section 508.31A, subsection 2, paragraph  
38 a, subparagraph (4), as enacted by 2003 Iowa Acts,  
39 House File 647, section 7, is amended to read as  
40 follows:

41 (4) A person other than a natural person for the  
42 purpose of providing collateral security for  
43 securities ~~issued by such person and~~ registered with  
44 the federal securities and exchange commission.

45 Sec. 20. 2003 Iowa Acts, Senate File 401, section  
46 5, subsection 1, is amended by striking the subsection  
47 and inserting in lieu thereof the following:

48 1. Notwithstanding any provision of law to the  
49 contrary, violations of section 453A.2, subsection 1,  
50 pending on April 11, 2003, for which a county health

1 department, a city health department, or a city has  
2 not assessed a penalty under section 453A.22,  
3 subsection 2, by June 30, 2003, shall be transferred  
4 in accordance with section 453A.2, subsection 5A, as  
5 enacted by this Act, on July 1, 2003.

6 Sec. 21. 2003 Iowa Acts, Senate File 453, section  
7 31, subsection 1, if enacted, is amended to read as  
8 follows:

9 1. In lieu of applying a charge for capital assets  
10 to the institutions under the control of the state  
11 board of regents as otherwise provided in this  
12 division for executive branch agencies, the  
13 appropriations made from the general fund of the state  
14 to the state board of regents for the ~~general~~  
15 ~~university operating budgets at the state university~~  
16 ~~of Iowa, Iowa state university of science and~~  
17 ~~technology, and university of northern Iowa, in 2003~~  
18 ~~Iowa Acts, House File 662, section 9, subsections 2,~~  
19 ~~3, and 4, are reduced by \$17,880,000. The state board~~  
20 ~~of regents shall apply the reduction as follows: state~~  
21 ~~university of Iowa, 46.7 percent, Iowa state~~  
22 ~~university of science and technology, 36.8 percent,~~  
23 ~~and university of northern Iowa, 16.5 percent.~~

24 Sec. 22. 2003 Iowa Acts, Senate File 458, section  
25 71, subsection 1, if enacted, is amended to read as  
26 follows:

27 1. PURPOSE. The general assembly finds that the  
28 Iowa communications network is a valuable state asset  
29 that has served the people of the state well, but  
30 which requires significant ongoing financial support  
31 from the state in the form of annual appropriations.  
32 The operation of a telecommunications network is a  
33 function that can be and generally is conducted by  
34 private enterprise. It is in the public interest to  
35 sell the Iowa communications network to a qualified  
36 private business enterprise that will commit to  
37 provide the same secure low-cost high-quality service  
38 to ~~state and federal public and private agencies and~~  
39 ~~military installations, as defined in chapter 8D, now~~  
40 ~~provided by the network. Through such a sale, the~~  
41 ~~state would eliminate the need for ongoing annual~~  
42 ~~appropriations while preserving the key benefits~~  
43 ~~enjoyed by the state under the present state ownership~~  
44 ~~of the network. The state also expects to obtain~~  
45 ~~sufficient proceeds from such a sale to cover existing~~  
46 ~~obligations and to realize additional proceeds above~~  
47 ~~the level of such obligations. Given the current~~  
48 ~~depressed state of the telecommunications industry,~~  
49 ~~the state can reasonably be expected to maximize sales~~  
50 ~~proceeds by allowing a purchaser a period of time in~~

1 which to assemble financing for its purchase. During  
2 the interim between enactment of this division of this  
3 Act and completion of a sale, the services of a  
4 private-enterprise manager with experience operating  
5 telecommunications networks can reasonably be expected  
6 to reduce the costs of operating the Iowa  
7 communications network, thereby lowering annual  
8 appropriations.

9 Sec. 23. 2003 Iowa Acts, Senate File 458, section  
10 172, subsection 2, paragraph b, if enacted, is amended  
11 to read as follows:

12 b. Select a manager and enter into a management  
13 contract with the manager by October 1, 2004. The  
14 management contract shall provide for the continuation  
15 of all services currently being provided to ~~state and~~  
16 ~~federal~~ public and private agencies and ~~military~~  
17 ~~installations~~ pursuant to chapter 8D, at the rates  
18 specified therein, for the duration of the contract.  
19 The contract shall also specify the manager's  
20 authority in relation to the duties of the commission  
21 during the period between execution of the management  
22 contract and closing of the sale of the network. The  
23 commission shall establish a dispute resolution  
24 process regarding rate increases, quality of service  
25 issues, and other areas of dispute involving network  
26 subscribers. The commission shall also make  
27 recommendations regarding imposition of an ongoing  
28 dispute resolution and appeals process commencing with  
29 the closing of the sale of the network.

30 Sec. 24. 2003 Iowa Acts, Senate File 458, section  
31 173, subsection 1, if enacted, is amended to read as  
32 follows:

33 1. ~~The principal place of business of the~~  
34 purchaser and any parent of the purchaser shall be  
35 ~~located~~ operating in the state of Iowa.

36 Sec. 25. 2003 Iowa Acts, section 174, subsection  
37 4, if enacted, is amended to read as follows:

38 4. Agree to continue all services currently being  
39 provided to ~~state and federal~~ public and private  
40 agencies and ~~military installations~~, as defined in  
41 chapter 8D, for the next ten years, with any annual  
42 rate increase not to exceed five percent per year,  
43 provided that the purchaser shall not be required to  
44 supply at such restricted prices a quantity or quality  
45 of service greater than that provided by the network  
46 as of execution of the contract for sale of the  
47 network.

48 Sec. 26. EFFECTIVE DATE -- RETROACTIVE  
49 APPLICABILITY.

50 1. The section of this division of this Act

1 pending section 231C.17, being deemed of immediate  
2 importance, takes effect upon enactment.

3 2. The section of this division of this Act  
4 amending 2003 Iowa Acts, Senate File 401, being deemed  
5 of immediate importance, takes effect upon enactment  
6 and is retroactively applicable to April 11, 2003.

## DIVISION IV

## CORRECTIVE PROVISIONS

9 Sec. 27. Section 8A.505, as enacted by 2003 Iowa  
10 Acts, House File 534, section 87, is amended by adding  
11 the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. There is appropriated  
13 annually from the increase in indirect cost  
14 reimbursements over the amount of indirect cost  
15 reimbursements received during the fiscal year  
16 beginning July 1, 2002, to the office of grants  
17 enterprise management of the department of management  
18 the sum of up to one hundred twenty-five thousand  
19 dollars. The director shall transfer the funds  
20 appropriated to the department of management as  
21 provided in this paragraph and shall make the funds  
22 resulting from the increase in reimbursements  
23 available during the fiscal year to the department of  
24 management on a monthly basis. If the amount of the  
25 increase in indirect cost reimbursements is  
26 insufficient to pay the maximum appropriation provided  
27 for in this paragraph, the amount appropriated is  
28 equal to the amount of such increase.

29 Sec. 28. Section 12C.4, Code 2003, as amended by  
30 2003 Iowa Acts, House File 289, section 2, is amended  
31 to read as follows:

## 12C.4 LOCATION OF DEPOSITORIES.

33 Deposits by the treasurer of state shall be in  
34 depositories located in this state; by a county  
35 officer or county public hospital officer or merged  
36 area hospital officer, in depositories located in the  
37 county or in an adjoining county within this state; by  
38 a memorial hospital treasurer, in a depository located  
39 within this state which shall be selected by the  
40 memorial hospital treasurer and approved by the  
41 memorial hospital commission; by a city treasurer or  
42 other city financial officer, in depositories located  
43 in the county in which the city is located or in an  
44 adjoining county, but if there is no depository in the  
45 county in which the city is located or in an adjoining  
46 county then in any other depository located in this  
47 state which shall be selected as a depository by the  
48 city council; by a school treasurer or by a school  
49 secretary in a depository within this state which  
50 shall be selected by the board of directors or the



1 trustees of the school district; by a township clerk  
2 in a depository located within this state which shall  
3 be selected by the township clerk and approved by the  
4 trustees of the township. However, deposits may be  
5 made in depositories outside of Iowa for the purpose  
6 of paying principal and interest on bonded  
7 indebtedness of any municipality when the deposit is  
8 made not more than ten days before the date the  
9 principal or interest becomes due. Further, the  
10 treasurer of state may maintain an account or accounts  
11 outside the state of Iowa for the purpose of providing  
12 custodial services for the state and state retirement  
13 fund accounts. Deposits made for the purpose of  
14 completing an electronic financial transaction  
15 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be  
16 made in any depository located in this state.

17 Sec. 29. Section 29A.28, subsection 3, as enacted  
18 by 2003 Iowa Acts, House File 674, section 3, is  
19 amended to read as follows:

20 3. Upon returning from a leave of absence under  
21 this section, an employee shall be entitled to return  
22 to the same position and classification held by the  
23 employee at the time of entry ~~onto~~ into state active  
24 duty, active state service, or federal service or to  
25 the position and classification that the employee  
26 would have been entitled to if the continuous civil  
27 service of the employee had not been interrupted by  
28 state active duty, active state service, or federal  
29 service. Under this subsection, "position" includes  
30 the geographical location of the position.

31 Sec. 30. Section 70A.39, subsection 1, paragraph  
32 b, as enacted by 2003 Iowa Acts, House File 381,  
33 section 1, is amended to read as follows:

34 b. ~~"Vascularized~~ "Vascular organ" means a heart,  
35 lung, liver, pancreas, kidney, intestine, or other  
36 organ that requires the continuous circulation of  
37 blood to remain useful for purposes of  
38 transplantation.

39 Sec. 31. Section 99B.7, subsection 1, paragraph 1,  
40 subparagraph (1), Code 2003, as amended by 2003 Iowa  
41 Acts, Senate File 453, section 104, if enacted, is  
42 amended to read as follows:

43 (1) No other gambling is engaged in at the same  
44 location, except that lottery tickets or shares issued  
45 by the Iowa lottery ~~division of the department of~~  
46 ~~revenue and finance~~ authority may be sold pursuant to  
47 chapter 99G.

48 Sec. 32. Section 507A.4, subsection 9, paragraph  
49 e, as enacted by 2003 Iowa Acts, House File 647,  
50 section 4, is amended to read as follows:

e. When not otherwise provided, a foreign or domestic multiple ~~employee~~ employer welfare arrangement doing business in this state shall pay to the commissioner of insurance the fees as required in section 511.24.

Sec. 33. Section 556.11, subsection 5, Code 2003, as amended by 2003 Iowa Acts, Senate File 180, section 2, is amended to read as follows:

5. If the holder of property presumed abandoned under this chapter knows the whereabouts of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall, before filing the annual report, communicate with the owner and take necessary steps to prevent abandonment from being presumed. The holder shall exercise due diligence to ascertain the whereabouts of the owner. A holder is not required to make a due diligence mailing to owners whose property has an aggregate value of less than fifty dollars. The treasurer of state may charge a holder that fails to timely exercise due diligence, as required in this subsection, five dollars for each name and address account reported if thirty-five percent ~~of~~ or more of the accounts are claimed within the twenty-four months immediately following the filing of the holder report.

Sec. 34. 2003 Iowa Acts, Senate File 438, section 3, is repealed.

Sec. 35. 2003 Iowa Acts, Senate File 453, section 11, if enacted, is amended to read as follows:

SEC. 11. Sections ~~403.23,~~ 405A.1, 405A.2, 405A.3, 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9, 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are repealed.

Sec. 36. 2003 Iowa Acts, Senate File 458, section 13, if enacted, is amended to read as follows:

SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The ~~provision~~ provisions in section 25B.7 relating to the proration of the property tax credits ~~does~~ and the estimation of the portion of the credit or exemption which will be funded do not apply with respect to the amount of state reimbursement for property tax credits under this division.

Sec. 37. 2003 Iowa Acts, Senate File 458, section 159, if enacted, is amended to read as follows:

SEC. 159. EFFECTIVE DATES. The following provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The amendments to sections 8.23, 8.31, and 8.57 which are first applicable to appropriations made for the fiscal year beginning July 1, 2003.

2. The amendment to section 12E.12.
  3. The amendments to sections 15E.42, 15E.43, 15E.45, and 15E.51, which apply retroactively to January 1, 2002, for tax years beginning on or after that date.
  4. The amendment to section 15E.193B.
  5. The amendment to section 435.26A.
  6. The amendment to section 453A.2, which shall only take effect if 2003 Iowa Acts, Senate File 401, is enacted by the Eightieth General Assembly, 2003 Regular Session.
  7. The amendments to sections 453C.1 and 453C.2 and the related severability provision.
  8. The amendments to sections 518.18 and 518A.35.
  9. The section directing the department of corrections to develop a plan for selling certain land.
  10. The section relating to the sales and use tax refund.
  11. The section relating to the school district reimbursement claim.
- The sections of this division of this Act amending section 80B.5 and enacting section 80B.5A are applicable to the appointment of the director of the Iowa law enforcement academy for the term beginning May 1, 2004.
- ~~Section 29C.8, subsection 3, paragraph "f", as enacted in this division of this Act, and the amendment to section 29C.20, subsection 1, as enacted in this division of this Act, take effect July 1, 2004.~~
- Sec. 38. 2003 Iowa Acts, House File 171, section 112, the bill section amending clause, is amended to read as follows:
- Section 656.2, subsection 2, paragraph a, unnumbered paragraph ~~4~~ 3, Code 2003, is amended to read as follows:
- Sec. 39. 2003 Iowa Acts, House File 662, section 5, subsection 8, paragraphs a and b, if enacted, are amended to read as follows:
- a. Of the amount appropriated in this ~~section~~ subsection, \$347,371 shall be allocated to the public broadcasting division for purposes of providing support for functions related to the Iowa communications network, including but not limited to the following functions: development of distance learning applications; development of a central information source on the internet relating to educational uses of the network; second-line technical support for network sites; testing and initializing

1 sites onto the network; and coordinating the work of  
2 the education telecommunications council.

3 b. Of the amount appropriated in this ~~section~~  
4 subsection, \$1,272,285 shall be allocated to the  
5 regional telecommunications councils established in  
6 section 8D.5. The regional telecommunications  
7 councils shall use the funds to provide technical  
8 assistance for network classrooms, planning and  
9 troubleshooting for local area networks, scheduling of  
10 video sites, and other related support activities.

11 Sec. 40. 2003 Iowa Acts, House File 662, section  
12 6, unnumbered paragraph 2, if enacted, is amended to  
13 read as follows:

14 The funds allocated in this ~~subsection~~ section  
15 shall be distributed as follows:

16 Sec. 41. 2003 Iowa Acts, House File 662, section  
17 18, if enacted, is repealed.

18 Sec. 42. EFFECTIVE AND APPLICABILITY DATES.

19 1. The section of this division of this Act  
20 amending section 29A.28, subsection 3, being deemed of  
21 immediate importance, takes effect upon enactment and  
22 applies retroactively to January 1, 2003.

23 2. The section of this division of this Act  
24 amending 2003 Iowa Acts, Senate File 458, section 159,  
25 being deemed of immediate importance, takes effect  
26 upon enactment.

27 3. 2003 Iowa Acts, Senate File 458, section 140,  
28 relating to nonreversion of funds appropriated in 1996  
29 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter  
30 215, if enacted, being deemed of immediate importance,  
31 takes effect upon enactment of this Act.

#### 32 DIVISION V

#### 33 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

34 Sec. 43. Section 331.234, subsections 3 and 4,  
35 Code 2003, as amended by 2003 Iowa Acts, Senate File  
36 390, section 4, if enacted, are amended to read as  
37 follows:

38 3. The board shall make available to the  
39 commission in-kind services such as office space,  
40 printing, supplies, and equipment. ~~The county and~~  
41 shall pay ~~from the segregated account established in~~  
42 ~~subsection 4,~~ the other necessary expenses of the  
43 commission including compensation for secretarial,  
44 clerical, professional, and consultant services. The  
45 total annual expenses, not including the value of in-  
46 kind expenses, to be paid from public funds shall not  
47 exceed one hundred thousand dollars or an amount equal  
48 to thirty cents times the population of the commission  
49 area, according to the most recent certified federal  
50 census. The commission may employ staff as necessary.

1 4. ~~The Except as otherwise provided in subsection~~  
2 ~~5, the expenses of the commission shall be paid by~~  
3 ~~each city and county participating in the charter~~  
4 ~~process or may be paid from the general fund of the~~  
5 ~~county. Expenses of the commission may also be paid~~  
6 ~~from any combination of public or private funds~~  
7 ~~available for that purpose. Each city's share shall~~  
8 ~~be its pro rata share of the expenses based upon the~~  
9 ~~ratio that the population of the city bears to the~~  
10 ~~total population in the county. The county's share~~  
11 ~~shall be its pro rata share of expenses based upon the~~  
12 ~~ratio that the population of the unincorporated area~~  
13 ~~of the county bears to the total population of the~~  
14 ~~county. The amount paid by each city and county~~  
15 ~~participating in the charter process shall be~~  
16 ~~deposited in a segregated account maintained by the~~  
17 ~~county. The commission's annual expenses may exceed~~  
18 ~~the amount in subsection 3 only if the excess is paid~~  
19 ~~from private funds. If a proposed charter is~~  
20 ~~submitted to the electorate, private funds donated to~~  
21 ~~the commission may be used to promote passage of the~~  
22 ~~proposed charter.~~

23 Sec. 44. Section 331.234, Code 2003, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 5. In the case of a city-county  
26 consolidation charter commission or a community  
27 commonwealth charter commission, the expenses of the  
28 commission shall be paid by each city and county  
29 participating in the charter process pursuant to  
30 section 331.233A. Each participating city's share  
31 shall be its pro rata share of the expenses based upon  
32 the ratio that the population of the city bears to the  
33 total population in the county. The remainder shall  
34 be paid from the general fund of the county. The  
35 amount paid by each city and county participating in  
36 the charter process shall be deposited in a segregated  
37 account maintained by the county.

38 Sec. 45. Section 331.235, subsection 3, Code 2003,  
39 as amended by 2003 Iowa Acts, Senate File 390, section  
40 5, if enacted, is amended to read as follows:

41 3. Within twenty months after organization, the  
42 commission shall submit the final report to the board.  
43 If the commission is created pursuant to section  
44 331.264, subsection 4, the commission shall submit the  
45 final report to the board within five months after  
46 submission of the preliminary report to the board  
47 pursuant to section 331.264, subsection 3. A  
48 commission created pursuant to section 331.264,  
49 subsection 4, may adopt a motion granting itself a  
50 sixty-day extension of time for submission of its

1 final report. If the commission recommends a charter  
2 including a form of government other than the existing  
3 form of government, the final report shall include the  
4 full text and an explanation of the proposed charter,  
5 ~~a statement of whether the elected officers shall be~~  
6 ~~elected on a partisan or nonpartisan basis,~~ an  
7 analysis of the fiscal impact of the proposed charter,  
8 any comments deemed desirable by the commission, and  
9 any minority reports. The final report may recommend  
10 no change to the existing form of government and that  
11 no charter be submitted to the electorate, in which  
12 case, the report shall state the reasons for and  
13 against a change in the existing form of government.  
14 The final report shall be made available to the  
15 residents of the county upon request. A summary of  
16 the final report shall be published in the official  
17 newspapers of the county and in a newspaper of general  
18 circulation in each participating city.

19 Sec. 46. Section 331.238, subsection 4, if enacted  
20 by 2003 Iowa Acts, Senate File 390, section 9, is  
21 amended to read as follows:

22 4. ~~Subsections 1 and 2 do~~ This section does not  
23 apply to the city-county consolidated form of  
24 government or the community commonwealth form of  
25 government.

26 Sec. 47. Section 331.247, subsection 4, Code 2003,  
27 as amended by 2003 Iowa Acts, Senate File 390, section  
28 11, if enacted, is amended to read as follows:

29 4. If an alternative form of government for a  
30 consolidated unit of local government is proposed,  
31 approval of the consolidation charter shall be  
32 separate from approval of the alternative form of  
33 government in those cities proposed to be included in  
34 the consolidation. The question of whether the  
35 election of officers of the consolidated unit of local  
36 government shall be with regard to political  
37 affiliation shall be a separate question on the  
38 ballot. Adoption of the consolidation charter  
39 requires the approval of a majority of the votes cast  
40 in the entire county. A city named on the ballot is  
41 included in the consolidation if the proposed charter  
42 is approved by a majority of the votes cast in the  
43 city. The consolidation charter shall be effective in  
44 regard to a city government only if a majority of the  
45 voters of the city voting on the question voted for  
46 participation in the consolidation charter.

47 Sec. 48. Section 331.248, subsection 2, paragraph  
48 j, if enacted by 2003 Iowa Acts, Senate File 390,  
49 section 13, is amended by striking the paragraph and  
50 inserting in lieu thereof the following:

1 j. Provide for the effective date of the adopted  
2 charter.

3 Sec. 49. Section 331.252, Code 2003, as amended by  
4 2003 Iowa Acts, Senate File 390, section 18, if  
5 enacted, is amended by adding the following new  
6 unnumbered paragraph after unnumbered paragraph 2:  
7 NEW UNNUMBERED PARAGRAPH. If the charter described  
8 on this ballot is adopted, should officers of the new  
9 government be elected with regard to political  
10 affiliation?

11 Sec. 50. Section 331.254, subsection 7, Code 2003,  
12 as amended by 2003 Iowa Acts, Senate File 390, section  
13 19, if enacted, is amended to read as follows:

14 7. The merger of the elective offices of each  
15 consolidating county with the election of new officers  
16 within sixty days after the effective date of the  
17 charter ~~which shall specifically provide whether the~~  
18 ~~election of new officers shall be on a partisan or~~  
19 ~~nonpartisan basis, notwithstanding section 331.238,~~  
20 ~~subsection 3.~~ The elections shall be conducted by the  
21 county commissioner of elections of each county. No  
22 primary election shall be held. Nominations shall be  
23 made pursuant to section 43.78 and chapters 44 and 45,  
24 as applicable, except that the filing deadline shall  
25 be forty days before the election.

26 Sec. 51. Section 331.261, subsection 11, Code  
27 2003, as amended by 2003 Iowa Acts, Senate File 390,  
28 section 22, if enacted, is amended by striking the  
29 subsection and inserting in lieu thereof the  
30 following:

31 11. The effective date of the adopted charter.

32 Sec. 52. Section 331.264, subsection 4, if enacted  
33 by 2003 Iowa Acts, Senate File 390, section 25, is  
34 amended to read as follows:

35 4. If the committee report recommends a city-  
36 county consolidation or community commonwealth, the  
37 committee shall continue its existence and be  
38 designated, and operate with the powers and duties of,  
39 a commission created pursuant to section 331.233A. If  
40 the committee report recommends a multicounty  
41 consolidation, the committee shall continue its  
42 existence and be designated, and operate with the  
43 powers and duties of, a commission created pursuant to  
44 section 331.233. ~~If the committee recommends an~~  
45 ~~alternative form of government, that recommendation~~  
46 ~~shall state whether elections conducted under that~~  
47 ~~form of government shall be partisan or nonpartisan.~~

48 Sec. 53. EFFECTIVE AND APPLICABILITY DATES. This  
49 division of this Act, being deemed of immediate  
50 importance, takes effect upon enactment and applies to

1 charter commissions in existence on that date.

2 DIVISION VI

3 ECONOMIC DEVELOPMENT APPROPRIATIONS

4 Sec. 54. MARKETING APPROPRIATION.

5 1. There is appropriated from the grow Iowa fund  
6 created in section 15G.107, if enacted by 2003 Iowa  
7 Acts, House File 692 or another Act, to the department  
8 of economic development, for the fiscal period  
9 beginning July 1, 2003, and ending June 30, 2010, the  
10 following amounts, or so much thereof as is necessary,  
11 to be used for the purpose designated:

12 For implementing and administering the marketing  
13 strategy approved under section 15G.108, if enacted by  
14 2003 Iowa Acts, House File 692 or another Act:

15	FY 2003-2004.....	\$ 7,500,000
16	FY 2004-2005.....	\$ 7,500,000
17	FY 2005-2006.....	\$ 5,000,000
18	FY 2006-2007.....	\$ 5,000,000
19	FY 2007-2008.....	\$ 5,000,000
20	FY 2008-2009.....	\$ 5,000,000
21	FY 2009-2010.....	\$ 2,500,000

22 2. Notwithstanding section 8.33, moneys that  
23 remain unexpended at the end of a fiscal year shall  
24 not revert to any fund but shall remain available for  
25 expenditure for the designated purposes during the  
26 succeeding fiscal year.

27 Sec. 55. DEPARTMENT OF ECONOMIC DEVELOPMENT  
28 APPROPRIATION.

29 1. There is appropriated from the grow Iowa fund  
30 created in section 15G.107, if enacted by 2003 Iowa  
31 Acts, House File 692 or another Act, to the department  
32 of economic development for the fiscal period  
33 beginning July 1, 2003, and ending June 30, 2010, the  
34 following amounts, or so much thereof as is necessary,  
35 to be used for the purpose designated:

36 For programs administered by the department of  
37 economic development:

38	FY 2003-2004.....	\$ 41,575,000
39	FY 2004-2005.....	\$ 31,575,000
40	FY 2005-2006.....	\$ 35,000,000
41	FY 2006-2007.....	\$ 32,500,000
42	FY 2007-2008.....	\$ 30,500,000
43	FY 2008-2009.....	\$ 13,500,000
44	FY 2009-2010.....	\$ 13,500,000

45 2. Notwithstanding section 8.33, moneys that  
46 remain unexpended at the end of a fiscal year shall  
47 not revert to any fund but shall remain available for  
48 expenditure for the designated purposes during the  
49 succeeding fiscal year.

50 3. Each year that moneys are appropriated under



1 This section, the grow Iowa board shall allocate a  
2 percentage of the moneys for each of the following  
3 types of activities:

- 4 a. Business start-ups.
- 5 b. Business expansion.
- 6 c. Business modernization.
- 7 d. Business attraction.
- 8 e. Business retention.
- 9 f. Marketing.

10 4. An applicant for moneys appropriated under this  
11 section shall be required by the department to include  
12 in the application a statement regarding the intended  
13 return on investment. A recipient of moneys  
14 appropriated under this section shall annually submit  
15 a statement to the department regarding the progress  
16 achieved on the intended return on investment stated  
17 in the application. The department, in cooperation  
18 with the department of revenue and finance, shall  
19 develop a method of identifying and tracking each new  
20 job created through financial assistance from moneys  
21 appropriated under this section.

22 5. The department may use moneys appropriated  
23 under this section to procure technical assistance  
24 from either the public or private sector, for  
25 information technology purposes, and for rail, air, or  
26 river port transportation-related purposes. The use  
27 of moneys appropriated for rail, air, or river port  
28 transportation-related purposes must be directly  
29 related to an economic development project and the  
30 moneys must be used to leverage other financial  
31 assistance moneys.

32 6. Of the moneys appropriated under this section,  
33 the department may use one-quarter of one percent for  
34 administrative purposes.

35 7. The grow Iowa board is required to approve or  
36 deny applications for financial assistance from moneys  
37 appropriated under this section.

38 Sec. 56. UNIVERSITY AND COLLEGE FINANCIAL  
39 ASSISTANCE APPROPRIATION.

40 1. There is appropriated from the grow Iowa fund  
41 created in section 15G.107, if enacted by 2003 Iowa  
42 Acts, House File 692 or another Act, to the grow Iowa  
43 board for the fiscal period beginning July 1, 2003,  
44 and ending June 30, 2010, the following amounts, or so  
45 much thereof as is necessary, to be used for the  
46 purposes designated:

47 For financial assistance for institutions of higher  
48 learning under the control of the state board of  
49 regents and for accredited private institutions as  
50 defined in section 261.9 for multiuse, goods

1 manufacturing processes approved by the food and drug  
2 administration of the United States department of  
3 health and human services, protein purification  
4 facilities for plant, animal, and chemical  
5 manufactured proteins; upgrading food and drug  
6 administration drug approval laboratories in Iowa City  
7 to a larger multiclient, goods manufacturing processes  
8 facility; crop and animal livestock facilities for the  
9 growing of transgenic crops and livestock; and  
10 advanced laboratory space:

11	FY 2003-2004.....	\$	5,325,000
12	FY 2004-2005.....	\$	5,325,000
13	FY 2005-2006.....	\$	5,325,000
14	FY 2006-2007.....	\$	5,325,000
15	FY 2007-2008.....	\$	5,325,000
16	FY 2008-2009.....	\$	5,325,000
17	FY 2009-2010.....	\$	5,325,000

18 2. Notwithstanding section 8.33, moneys that  
19 remain unexpended at the end of a fiscal year shall  
20 not revert to any fund but shall remain available for  
21 expenditure for the designated purposes during the  
22 succeeding fiscal year.

23 3. In the distribution of moneys appropriated  
24 pursuant to this section, the grow Iowa board shall  
25 examine the potential for using moneys appropriated  
26 pursuant to this section to leverage other moneys for  
27 financial assistance to accredited private  
28 institutions.

29 4. In awarding moneys appropriated pursuant to  
30 this section, the grow Iowa board shall consider  
31 whether the purchase of suitable existing  
32 infrastructure is more cost-efficient than building  
33 new infrastructure.

34 5. An institution of higher learning under the  
35 control of the state board of regents may apply to use  
36 financial assistance moneys under this section for  
37 purposes of a public and private joint venture to  
38 acquire infrastructure assets or research facilities  
39 or to leverage moneys in a manner consistent with  
40 meeting the goals and performance measures provided in  
41 section 15G.106, if enacted by 2003 Iowa Acts, House  
42 File 692 or another Act.

43 Sec. 57. REHABILITATION PROJECT TAX CREDITS  
44 APPROPRIATION.

45 1. There is appropriated from the grow Iowa fund  
46 created in section 15G.107, if enacted by 2003 Iowa  
47 Acts, House File 692 or another Act, to the general  
48 fund of the state, for the fiscal period beginning  
49 July 1, 2003, and ending June 30, 2010, the following  
50 amounts, or so much thereof as is necessary, to be

1 used for the purpose designated:

2 For payment of tax credits approved pursuant to  
3 section 404A.4 for projects located in certified  
4 cultural and entertainment districts:

5	FY 2003-2004.....	\$	700,000
6	FY 2004-2005.....	\$	700,000
7	FY 2005-2006.....	\$	700,000
8	FY 2006-2007.....	\$	700,000
9	FY 2007-2008.....	\$	700,000
10	FY 2008-2009.....	\$	700,000
11	FY 2009-2010.....	\$	700,000

12 2. Notwithstanding section 8.33, moneys that  
13 remain unexpended at the end of a fiscal year shall  
14 not revert to any fund but shall remain available for  
15 expenditure for the designated purposes during the  
16 succeeding fiscal year.

17 Sec. 58. LOAN AND CREDIT GUARANTEE FUND  
18 APPROPRIATION.

19 1. There is appropriated from the grow Iowa fund  
20 created in section 15G.107, if enacted by 2003 Iowa  
21 Acts, House File 692 or another Act, to the department  
22 of economic development for the fiscal period  
23 beginning July 1, 2003, and ending June 30, 2010, the  
24 following amounts, or so much thereof as is necessary,  
25 to be used for the purpose designated:

26 For deposit in the loan and credit guarantee fund  
27 created in section 15E.227:

28	FY 2003-2004.....	\$	2,500,000
29	FY 2004-2005.....	\$	7,500,000
30	FY 2005-2006.....	\$	8,575,000
31	FY 2006-2007.....	\$	11,075,000
32	FY 2007-2008.....	\$	13,075,000
33	FY 2008-2009.....	\$	35,075,000
34	FY 2009-2010.....	\$	37,575,000

35 2. Notwithstanding section 8.33, moneys that  
36 remain unexpended at the end of a fiscal year shall  
37 not revert to any fund but shall remain available for  
38 expenditure for the designated purpose during the  
39 succeeding fiscal year.

40 Sec. 59. ENDOW IOWA TAX CREDITS.

41 1. There is appropriated from the grow Iowa fund  
42 created in section 15G.107, if enacted by 2003 Iowa  
43 Acts, House File 692 or another Act, to the general  
44 fund of the state, for the fiscal period beginning  
45 July 1, 2003, and ending June 30, 2010, the following  
46 amounts, or so much thereof as is necessary, to be  
47 used for the purpose designated:

48 For payment of endow Iowa tax credits authorized  
49 pursuant to section 15E.305:

50	FY 2003-2004.....	\$	200,000
----	-------------------	----	---------

1	FY 2004-2005.....	\$	200,000
2	FY 2005-2006.....	\$	200,000
3	FY 2006-2007.....	\$	200,000
4	FY 2007-2008.....	\$	200,000
5	FY 2008-2009.....	\$	200,000
6	FY 2009-2010.....	\$	200,000

7 2. Notwithstanding section 8.33, moneys that  
8 remain unexpended at the end of a fiscal year shall  
9 not revert to any fund but shall remain available for  
10 expenditure for the designated purposes during the  
11 succeeding fiscal year.

12 Sec. 60. ENDOW IOWA GRANTS APPROPRIATION.

13 1. There is appropriated from the grow Iowa fund  
14 created in section 15G.107, if enacted by 2003 Iowa  
15 Acts, House File 692 or another Act, to the department  
16 of economic development for the fiscal period  
17 beginning July 1, 2003, and ending June 30, 2010, the  
18 following amounts, or so much thereof as is necessary,  
19 to be used for the purpose designated:

20 For endow Iowa grants to lead philanthropic  
21 entities pursuant to section 15E.304:

22	FY 2003-2004.....	\$	200,000
23	FY 2004-2005.....	\$	200,000
24	FY 2005-2006.....	\$	200,000
25	FY 2006-2007.....	\$	200,000
26	FY 2007-2008.....	\$	200,000
27	FY 2008-2009.....	\$	200,000
28	FY 2009-2010.....	\$	200,000

29 2. Notwithstanding section 8.33, moneys that  
30 remain unexpended at the end of a fiscal year shall  
31 not revert to any fund but shall remain available for  
32 expenditure for the designated purposes during the  
33 succeeding fiscal year.

34 Sec. 61. ANTICIPATED FEDERAL MONEYS --  
35 APPROPRIATION.

36 1. There is appropriated from the fund created by  
37 section 8.41, for the fiscal period beginning July 1,  
38 2003, and ending June 30, 2005, the following amounts  
39 to be used for the purpose designated:

40 For deposit in the grow Iowa fund created in  
41 section 15G.107, if enacted by 2003 Iowa Acts, House  
42 File 692 or another Act:

43	FY 2003-2004.....	\$	59,000,000
44	FY 2004-2005.....	\$	41,000,000

45 2. Moneys appropriateded in this section are moneys  
46 anticipated to be received from the federal government  
47 for state and local government fiscal relief under the  
48 federal Jobs and Growth Tax Relief Reconciliation Act  
49 of 2003 and shall be expended as provided in the  
50 federal law making the moneys available and in

1 conformance with chapter 17A.

2 3. Notwithstanding section 8.33, moneys that  
3 remain unexpended at the end of a fiscal year shall  
4 not revert to any fund but shall remain available for  
5 expenditure for the designated purposes during the  
6 succeeding fiscal year.

7 Sec. 62. STREAMLINED SALES AND USE TAX REVENUE --  
8 APPROPRIATION.

9 1. There is appropriated from the general fund  
10 from moneys credited to the general fund as a result  
11 of entering into the streamlined sales and use tax  
12 agreement, for the fiscal period beginning July 1,  
13 2005, and ending June 30, 2010, the following amounts  
14 to be used for the purpose designated:

15 For deposit in the grow Iowa fund created in  
16 section 15G.107, if enacted by 2003 Iowa Acts, House  
17 File 692 or another Act:

18 FY 2005-2006.....	\$ 70,000,000
19 FY 2006-2007.....	\$ 70,000,000
20 FY 2007-2008.....	\$ 70,000,000
21 FY 2008-2009.....	\$ 70,000,000
22 FY 2009-2010.....	\$ 70,000,000

23 2. Notwithstanding section 8.33, moneys that  
24 remain unexpended at the end of a fiscal year shall  
25 not revert to any fund but shall remain available for  
26 expenditure for the designated purposes during the  
27 succeeding fiscal year.

28 DIVISION VII

29 WORKFORCE-RELATED ISSUES

30 Sec. 63. NEW SECTION. 260C.18A WORKFORCE  
31 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

32 1. a. A workforce training and economic  
33 development fund is created for each community  
34 college. Moneys shall be deposited and expended from  
35 a fund as provided under this section.

36 b. Moneys in the funds shall consist of any moneys  
37 appropriated by the general assembly and any other  
38 moneys available to and obtained or accepted by the  
39 department of economic development from federal  
40 sources or private sources for placement in the funds.  
41 Notwithstanding section 8.33, moneys in the funds at  
42 the end of each fiscal year shall not revert to any  
43 other fund but shall remain in the funds for  
44 expenditure in subsequent fiscal years.

45 2. On July 1 of each year for the fiscal year  
46 beginning July 1, 2003, and for every fiscal year  
47 thereafter, moneys from the grow Iowa fund created in  
48 section 15G.107, if enacted by 2003 Iowa Acts, House  
49 File 692 or another Act, are appropriated to the  
50 department of economic development for deposit in the

1 workforce training and economic development funds in  
2 amounts determined pursuant to subsection 3. Moneys  
3 deposited in the funds and disbursed to community  
4 colleges for a fiscal year shall be expended for the  
5 following purposes:

6 a. Projects in which an agreement between a  
7 community college and an employer located within the  
8 community college's merged area meet all of the  
9 requirements of the accelerated career education  
10 program under chapter 260G. However, moneys used by  
11 the community colleges from the workforce training and  
12 economic development fund for these projects shall be  
13 in lieu of the program job credits provided under  
14 chapter 260G. Projects using moneys from the  
15 workforce training and economic development fund under  
16 this paragraph shall be in accordance with rules  
17 adopted by the department of economic development  
18 under chapter 260G.

19 b. Projects in which an agreement between a  
20 community college and a business meet all the  
21 requirements of the Iowa jobs training Act under  
22 chapter 260F. However, when moneys are provided  
23 through the grow Iowa fund for such projects, section  
24 260F.6, subsections 1 and 2, and section 260F.8 shall  
25 not apply. Projects using moneys from the workforce  
26 training and economic development fund under this  
27 paragraph shall be in accordance with rules adopted by  
28 the department of economic development under chapter  
29 260F.

30 c. For the development and implementation of  
31 career academies designed to provide new career  
32 preparation opportunities for high school students  
33 that are formally linked with postsecondary career and  
34 technical education programs. Moneys from workforce  
35 training and economic development funds that are  
36 expended for purposes of this paragraph shall be in  
37 accordance with the plan submitted to the department  
38 of economic development and the grow Iowa board under  
39 subsection 5. For purposes of this section, "career  
40 academy" means a program of study that combines a  
41 minimum of two years of secondary education with an  
42 associate degree, or the equivalent, career  
43 preparatory program in a nonduplicative, sequential  
44 course of study that is standards based, integrates  
45 academic and technical instruction, utilizes work-  
46 based and worksite learning where appropriate and  
47 available, utilizes an individual career planning  
48 process with parent involvement, and leads to an  
49 associate degree or postsecondary diploma or  
50 certificate in a career field that prepares an

1. individual for entry and advancement in a high-skill  
and reward career field and further education. The  
state board of education, in conjunction with the  
division of community colleges and workforce  
preparation of the department of education, and in  
consultation with the department of economic  
development, shall adopt administrative rules for the  
development and implementation of such career  
academies pursuant to section 256.11, subsection 5,  
paragraph "h", section 260C.1, and Title II of Pub. L.  
No. 105-332, Carl D. Perkins Vocational and Technical  
Education Act of 1998.

d. Programs and courses that provide vocational  
and technical training, and programs for in-service  
training and retraining under section 260C.1,  
subsections 2 and 3.

3. Moneys from the workforce training and economic  
development fund that are expended for purposes of  
this subsection shall be in accordance with the plan  
submitted to the department of economic development  
and the grow Iowa board under subsection 5. The  
maximum cumulative total amount of moneys that may be  
deposited in all the workforce training and economic  
development funds for distribution to community  
colleges in a fiscal year shall be determined as  
follows:

a. Six million dollars for the fiscal year  
beginning July 1, 2003.

b. Eleven million dollars for the fiscal year  
beginning July 1, 2004.

c. Twenty million dollars for the fiscal year  
beginning July 1, 2005.

d. Twenty million dollars for the fiscal year  
beginning July 1, 2006.

e. Twenty million dollars for the fiscal year  
beginning July 1, 2007.

f. Fifteen million dollars for the fiscal year  
beginning July 1, 2008.

g. Fifteen million dollars for the fiscal year  
beginning July 1, 2009.

4. The department of economic development shall  
allocate the moneys appropriated pursuant to this  
section to the community college workforce training  
and economic development funds utilizing the same  
distribution formula used for the allocation of state  
general aid to the community colleges.

5. Each community college shall do all of the  
following:

a. Adopt a two-year workforce training and  
economic development fund plan outlining the community

1 college's proposed use of moneys appropriated under  
2 subsection 2.

3 b. Update the two-year plan annually.

4 c. Prepare an annual progress report on the two-  
5 year plan's implementation.

6 d. Annually submit the two-year plan and progress  
7 report to the department of economic development in a  
8 manner prescribed by rules adopted by the department  
9 pursuant to chapter 17A and annually file a copy of  
10 the plan and progress report with the grow Iowa board.

11 6. Any individual project using over one million  
12 dollars of moneys from a workforce training and  
13 economic development fund shall require prior approval  
14 from the grow Iowa board.

15 Sec. 64. NEW SECTION. 260F.9 JOB RETENTION  
16 PROGRAM AND FUND.

17 1. A job retention fund is created in the state  
18 treasury under the control of the department of  
19 economic development to encourage the retention of  
20 existing jobs and income that would otherwise be lost  
21 and encourage large businesses to remain in the state.  
22 Moneys shall be deposited and expended from the fund  
23 as provided in this section.

24 2. There is appropriated from the grow Iowa fund  
25 created in section 15G.107, if enacted by 2003 Iowa  
26 Acts, House File 692 or another Act, to the department  
27 of economic development for the fiscal period  
28 beginning July 1, 2003, and ending June 30, 2006, the  
29 following amounts to be used for funding of job  
30 retention programs and agreements authorized by the  
31 department and participating community colleges as  
32 provided in this section:

33 a. One million dollars for the fiscal year  
34 beginning July 1, 2003.

35 b. One million dollars for the fiscal year  
36 beginning July 1, 2004.

37 c. One million dollars for the fiscal year  
38 beginning July 1, 2005.

39 3. Notwithstanding section 8.33, moneys that  
40 remain unexpended at the end of a fiscal year shall  
41 not revert to any fund but shall remain available for  
42 expenditure for the designated purposes during the  
43 succeeding fiscal year.

44 4. The department of economic development shall  
45 administer the allocation of moneys in the job  
46 retention fund and shall administer the job retention  
47 program. The department shall adopt rules pursuant to  
48 chapter 17A necessary for the administration of this  
49 section. By January 15 of each year, the department  
50 shall submit a written report to the general assembly



1 and the governor regarding the activities of the job  
2 retention program during the previous calendar year.

3 5. A community college and the department may  
4 enter into an agreement to establish a job retention  
5 project. A job retention project agreement shall  
6 include, but not be limited to, the following:

7 a. The date of the agreement.

8 b. The anticipated number of employees to be  
9 trained.

10 c. The estimated cost of training.

11 d. A statement regarding the number of employees  
12 employed by the participating business on the date of  
13 the agreement which must equal at least the lesser of  
14 one thousand employees or four percent or more of the  
15 county's resident labor force based on the most recent  
16 annual labor force statistics from the department of  
17 workforce development.

18 e. A commitment that the participating business  
19 shall invest at least fifteen million dollars to  
20 retool the workplace and upgrade the facilities of the  
21 participating business.

22 f. A commitment that the participating business  
23 shall not move the business operation out of this  
24 state or close the business operation for at least  
25 five years following the date of the agreement.

26 g. Other criteria established by the department of  
27 economic development.

28 6. A job retention project agreement entered into  
29 pursuant to this section must be approved by the board  
30 of trustees of the applicable community college, the  
31 department of economic development, and the  
32 participating business.

33 Sec. 65. NEW SECTION. 260F.101 REPORTING.

34 A community college entering into an agreement  
35 pursuant to this chapter shall submit an annual  
36 written report by the end of each calendar year with  
37 the grow Iowa board created in section 15G.102, if  
38 enacted by 2003 Iowa Acts, House File 692 or another  
39 Act. The report shall provide information regarding  
40 how the agreement affects the achievement of the goals  
41 and performance measures provided in section 15G.106,  
42 if enacted by 2003 Iowa Acts, House File 692 or  
43 another Act.

44 Sec. 66. Section 260G.3, subsection 2, Code 2003,  
45 is amended to read as follows:

46 2. An agreement may include reasonable and  
47 necessary provisions to implement the accelerated  
48 career education program. If an agreement that  
49 utilizes program job credits is entered into, the  
50 community college and the employer shall notify the

1 department of revenue and finance as soon as possible.  
 2 The community college shall also file a copy of the  
 3 agreement with the department of economic development  
 4 as required in section 260G.4B. The agreement shall  
 5 provide for program costs, including deferred costs,  
 6 which may be paid from any of the following sources:  
 7 a. Program job credits which the employer receives  
 8 based on the number of program job positions agreed to  
 9 by the employer to be available under the agreement.  
 10 b. Cash or in-kind contributions by the employer  
 11 toward the program cost. At a minimum, the employer  
 12 contribution shall be twenty percent of the program  
 13 costs.  
 14 c. Tuition, student fees, or special charges fixed  
 15 by the board of directors to defray program costs.  
 16 d. Guarantee by the employer of payments to be  
 17 received under paragraphs "a" and "b".  
 18 e. Moneys from a workforce training and economic  
 19 development fund created in section 260C.18A, based on  
 20 the number of program job positions agreed to by the  
 21 employer to be available under the agreement, the  
 22 amount of which shall be calculated in the same manner  
 23 as the program job credits provided for in section  
 24 260G.4A.

25 Sec. 67. NEW SECTION. 260G.101 REPORTING.  
 26 A community college entering into an agreement  
 27 pursuant to this chapter shall submit an annual  
 28 written report by the end of each calendar year with  
 29 the grow Iowa board created in section 15G.102, if  
 30 enacted by 2003 Iowa Acts, House File 692 or another  
 31 Act. The report shall provide information regarding  
 32 how the agreement affects the achievement of the goals  
 33 and performance measures provided in section 15G.106,  
 34 if enacted by 2003 Iowa Acts, House File 692 or  
 35 another Act.

DIVISION VIII

LOAN AND CREDIT GUARANTEE FUND

36  
 37  
 38 Sec. 68. NEW SECTION. 15E.227 LOAN AND CREDIT  
 39 GUARANTEE FUND.

40 1. A loan and credit guarantee fund is created and  
 41 established as a separate and distinct fund in the  
 42 state treasury. Moneys in the fund shall only be used  
 43 for purposes provided in this section. The moneys in  
 44 the fund are appropriated to the department to be used  
 45 for all of the following purposes:

- 46 a. Payment of claims pursuant to loan and credit
- 47 guarantee agreements entered into under this division.
- 48 b. Payment of administrative costs of the
- department for actual and necessary administrative
- expenses incurred by the department in administering

1 the program.

2 c. Purchase or buyout of superior or prior liens,  
3 mortgages, or security interests.

4 2. Moneys in the loan and credit guarantee fund  
5 shall consist of all of the following:

6 a. Moneys appropriated by the general assembly for  
7 that purpose and any other moneys available to and  
8 obtained or accepted by the department for placement  
9 in the fund.

10 b. Proceeds from collateral assigned to the  
11 department, fees for guarantees, gifts, and moneys  
12 from any grant made to the fund by any federal agency.

13 c. Moneys appropriated from the grow Iowa fund  
14 created in section 15G.107, if enacted by 2003 Iowa  
15 Acts, House File 692 or another Act.

16 3. Moneys in the fund are not subject to section  
17 8.33. Notwithstanding section 12C.7, interest or  
18 earnings on the moneys in the fund shall be credited  
19 to the fund.

20 4. a. The department shall only pledge moneys in  
21 the loan and credit guarantee fund and not any other  
22 moneys of the department. The department may pledge  
23 an amount not to exceed a total of any of the  
24 following amounts of moneys in the fund to assure the  
25 repayment of loan and credit guarantees or other  
26 extensions of credit made to or on behalf of qualified  
27 businesses or targeted industry businesses for  
28 eligible project costs.

29 (1) Two million five hundred thousand dollars for  
30 the fiscal year beginning July 1, 2003.

31 (2) Seven million five hundred thousand dollars  
32 for the fiscal year beginning July 1, 2004.

33 (3) Eight million five hundred seventy-five  
34 thousand dollars for the fiscal year beginning July 1,  
35 2005.

36 (4) Eleven million seventy-five thousand dollars  
37 for the fiscal year beginning July 1, 2006.

38 (5) Thirteen million seventy-five thousand dollars  
39 for the fiscal year beginning July 1, 2007.

40 (6) Thirty-five million seventy-five thousand  
41 dollars for the fiscal year beginning July 1, 2008.

42 (7) Thirty-seven million five hundred seventy-five  
43 thousand dollars for the fiscal year beginning July 1,  
44 2009.

45 b. The department shall not pledge the credit or  
46 taxing power of this state or any political  
47 subdivision of this state or make debts payable out of  
48 any moneys except for those in the loan and credit  
49 guarantee fund.

50 Sec. 69. This division of this Act is repealed

1 July 1, 2008.

DIVISION IX  
UNIVERSITY-BASED RESEARCH UTILIZATION  
PROGRAM APPROPRIATION

5 Sec. 70. NEW SECTION. 262B.12 APPROPRIATION.

6 On July 1 of each year there is appropriated from  
7 the general fund of the state to each university under  
8 the control of the state board of regents, an amount  
9 equal to the amount determined by the department of  
10 economic development pursuant to section 262B.11,  
11 subsection 4, paragraph "c", subparagraph (2), if  
12 enacted by 2003 Iowa Acts, House File 692 or another  
13 Act.

DIVISION X  
ENDOW IOWA TAX CREDIT

16 Sec. 71. NEW SECTION. 15E.305 ENDOW IOWA TAX  
17 CREDIT.

18 1. For tax years beginning on or after January 1,  
19 2003, a tax credit shall be allowed against the taxes  
20 imposed in chapter 422, divisions II, III, and V, and  
21 in chapter 432, and against the moneys and credits tax  
22 imposed in section 533.24 equal to twenty percent of a  
23 taxpayer's endowment gift to a qualified community  
24 foundation. An individual may claim a tax credit  
25 under this section of a partnership, limited liability  
26 company, S corporation, estate, or trust electing to  
27 have income taxed directly to the individual. The  
28 amount claimed by the individual shall be based upon  
29 the pro rata share of the individual's earnings from  
30 the partnership, limited liability company, S  
31 corporation, estate, or trust. A tax credit shall be  
32 allowed only for an endowment gift made to a qualified  
33 community foundation for a permanent endowment fund  
34 established to benefit a charitable cause in this  
35 state. Any tax credit in excess of the taxpayer's tax  
36 liability for the tax year may be credited to the tax  
37 liability for the following five years or until  
38 depleted, whichever occurs first. A tax credit shall  
39 not be carried back to a tax year prior to the tax  
40 year in which the taxpayer claims the tax credit.

41 2. The aggregate amount of tax credits authorized  
42 pursuant to this section shall not exceed a total of  
43 two million dollars. The maximum amount of tax  
44 credits granted to a taxpayer shall not exceed five  
45 percent of the aggregate amount of tax credits  
46 authorized.

47 3. A tax credit shall not be transferable to any  
48 other taxpayer.

49 4. A tax credit shall not be authorized pursuant  
50 to this section after December 31, 2005.

1 5. The department shall develop a system for  
2 registration and authorization of tax credits under  
3 this section and shall control the distribution of all  
4 tax credits to taxpayers providing an endowment gift  
5 subject to this section. The department shall adopt  
6 administrative rules pursuant to chapter 17A for the  
7 qualification and administration of endowment gifts.

8 Sec. 72. NEW SECTION. 422.11H ENDOW IOWA TAX  
9 CREDIT.

10 The tax imposed under this division, less the  
11 credits allowed under sections 422.12 and 422.12B,  
12 shall be reduced by an endow Iowa tax credit  
13 authorized pursuant to section 15E.305.

14 Sec. 73. Section 422.33, Code 2003, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. 14. The taxes imposed under this  
17 division shall be reduced by an endow Iowa tax credit  
18 authorized pursuant to section 15E.305.

19 Sec. 74. Section 422.60, Code 2003, is amended by  
20 adding the following new subsection:

21 NEW SUBSECTION. 7. The taxes imposed under this  
22 division shall be reduced by an endow Iowa tax credit  
23 authorized pursuant to section 15E.305.

24 Sec. 75. NEW SECTION. 432.12D ENDOW IOWA TAX  
25 CREDIT.

26 The tax imposed under this chapter shall be reduced  
27 by an endow Iowa tax credit authorized pursuant to  
28 section 15E.305.

29 Sec. 76. Section 533.24, Code 2003, is amended by  
30 adding the following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
32 tax imposed under this section shall be reduced by an  
33 endow Iowa tax credit authorized pursuant to section  
34 15E.305.

35 Sec. 77. EFFECTIVE AND RETROACTIVE APPLICABILITY  
36 DATES. This division of this Act, being deemed of  
37 immediate importance, takes effect upon enactment and  
38 is retroactively applicable to January 1, 2003, for  
39 tax years beginning on or after that date.

#### 40 DIVISION XI

#### 41 REHABILITATION PROJECT TAX CREDITS

42 Sec. 78. Section 404A.4, subsection 4, Code 2003,  
43 is amended to read as follows:

44 4. The total amount of tax credits that may be  
45 approved for a fiscal year under this chapter shall  
46 not exceed two million four hundred thousand dollars.  
47 For the fiscal years beginning July 1, 2003, and July  
48 1, 2004, an additional two million dollars of tax  
49 credits may be approved each fiscal year for purposes  
50 of projects located in cultural and entertainment

1 districts certified pursuant to section 303.3B, if  
 2 enacted by 2003 Iowa Acts, House File 692 or another  
 3 Act. Any of the additional tax credits allocated for  
 4 projects located in certified cultural and  
 5 entertainment districts that are not approved during a  
 6 fiscal year may be carried over to the succeeding  
 7 fiscal year. Tax credit certificates shall be issued  
 8 on the basis of the earliest awarding of  
 9 certifications of completion as provided in subsection  
 10 1. The departments of economic development and  
 11 revenue and finance shall each adopt rules to jointly  
 12 administer this subsection and shall provide by rule  
 13 for the method to be used to determine for which  
 14 fiscal year the tax credits are approved.

15 DIVISION XII

16 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND  
 17 Sec. 79. Section 8.57, subsection 5, Code 2003, is  
 18 amended by adding the following new paragraph:

19 NEW PARAGRAPH. f. There is appropriated from the  
 20 rebuild Iowa infrastructure fund to the state  
 21 assistance for educational infrastructure fund created  
 22 in 2003 Iowa Acts, House File 692 or another Act, for  
 23 each fiscal year of the fiscal period beginning July  
 24 1, 2004, and ending June 30, 2014, the sum of ten  
 25 million dollars. The appropriation in this paragraph  
 26 shall be made after the appropriation to the  
 27 environment first fund pursuant to section 8.57A,  
 28 subsection 4.

29 Sec. 80. NEW SECTION. 292A.3A APPROPRIATION.  
 30 There is appropriated from the general fund of the  
 31 state from the revenue collected as a result of the  
 32 state entering into the streamlined sales and use tax  
 33 agreement to the state assistance for educational  
 34 infrastructure fund created in 2003 Iowa Acts, House  
 35 File 692 or another Act, the sum of five million  
 36 dollars for each fiscal year of the fiscal period  
 37 beginning July 1, 2004, and ending June 30, 2014. The  
 38 appropriation in this section shall be made after the  
 39 appropriation from the same source to the grow Iowa  
 40 fund created in 2003 Iowa Acts, House File 692 or  
 41 another Act.

42 DIVISION XIII

43 REPEALS

44 Sec. 81. The divisions of this Act designated  
 45 economic development appropriations, workforce-related  
 46 issues, loan and credit guarantee fund, university-  
 47 based research utilization program appropriation,  
 48 endow Iowa tax credit, and rehabilitation project tax  
 49 credits are repealed effective June 30, 2010.

50 DIVISION XIV

1  
2 EFFECTIVE DATE  
3 Sec. 82. EFFECTIVE DATE. Unless otherwise  
4 provided in this Act, this Act takes effect July 1,  
5 2003."

6 2. Title page, by striking lines 1 through 15 and  
7 inserting the following: "An Act relating to economic  
8 development, financial, taxation, and regulatory  
9 matters, making and revising appropriations, and  
10 including effective, applicability, and retroactive  
11 applicability provisions."

By COMMITTEE ON APPROPRIATIONS  
JEFF LAMBERTI, CHAIRPERSON

S-3392 FILED MAY 29, 2003

ADOPTED

HOUSE FILE 683

S-3398

1 Amend the amendment, S-3392, to House File 683, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 2, by inserting after line 28 the  
5 following:

6 "STATE COMMISSIONER OF ELECTIONS

7 Sec. \_\_\_\_\_. There is appropriated from the rebuild  
8 Iowa infrastructure fund to the state commissioner of  
9 elections for the fiscal year beginning July 1, 2003,  
10 and ending June 30, 2004, the following amounts, or so  
11 much thereof as is necessary, to be used for the  
12 purposes designated:

13 1. For the purchase and installation of voting  
14 machines, notwithstanding section 8.57, subsection 5,  
15 paragraph "c":

16 ..... \$ 1,263,000

17 2. To provide for the maintenance of effort  
18 requirements of the federal Help America Vote Act of  
19 2002, Pub. L. No. 107-252, notwithstanding section  
20 8.57, subsection 5, paragraph "c":

21 ..... \$ 78,916

22 The state commissioner of elections shall report to  
23 the general assembly regarding the expenditure of the  
24 moneys appropriated in this section by January 2,  
25 2004, and July 1, 2004."

By JOHN P. KIBBIE

S-3398 FILED MAY 29, 2003

LOST

S-3403

1 Amend the amendment, S-3392, to House File 683, as  
 2 amended, passed, and reprinted by the House, as  
 3 follows:

4 1. Page 24, by inserting after line 27 the  
 5 following:

6 "Sec. \_\_\_\_ . LOCAL GOVERNMENT INFRASTRUCTURE  
 7 ASSISTANCE FUND

8 1. A local government infrastructure assistance  
 9 fund is created in the state treasury under the  
 10 control of the department of economic development  
 11 consisting of moneys appropriated to the department  
 12 for deposit in the fund. Moneys in the fund are not  
 13 subject to section 8.33. Notwithstanding section  
 14 12C.7, interest or earnings on moneys in the fund  
 15 shall be credited to the fund. Moneys in the fund are  
 16 appropriated to the department for purposes of  
 17 providing financial assistance to taxing districts as  
 18 provided in this section.

19 2. Of the moneys appropriated to the department of  
 20 economic development for the fiscal year beginning  
 21 July 1, 2003, and ending June 30, 2004, pursuant to  
 22 sections 54, 55, 58, and 60 of this Act, a total of  
 23 fifty million dollars shall be deposited in the local  
 24 government infrastructure assistance fund.

25 3. a. Moneys in the fund shall be allocated to  
 26 all taxing districts in the state on a pro rata basis  
 27 as determined by the department according to the  
 28 methodology provided in paragraph "b".

29 b. The department shall determine a statewide base  
 30 amount that the state would have paid to taxing  
 31 districts if the statutory funding provisions  
 32 applicable to the fiscal year beginning July 1, 2003,  
 33 had remained unchanged for property tax replacement  
 34 funding. The department shall determine each taxing  
 35 district's proportion of the statewide base amount and  
 36 shall also express that proportion as a percentage.  
 37 The percentage shall be used for determining the pro  
 38 rata basis allocations pursuant to paragraph "a".

39 c. For the purposes of this section, unless the  
 40 context otherwise requires, "property tax replacement  
 41 funding" means the funding paid to taxing districts  
 42 under chapter 405A for the personal property tax  
 43 replacement and the franchise tax revenue allocation,  
 44 and for industrial machinery, equipment and computers  
 45 tax replacement claims under chapter 427B.

46 4. In order to receive financial assistance from  
 47 the fund in an amount not to exceed the pro rata  
 48 allocation determined in subsection 3, a taxing  
 49 district shall apply to the department for financial  
 50 assistance. Any moneys received from the fund must be



**S-3403**

Page 2

1 used for vertical infrastructure purposes, as defined  
2 in section 8.57, subsection 5, or for economic  
3 development projects or activities, as defined by the  
4 department. Two or more taxing districts may submit a  
5 joint application for financial assistance. Financial  
6 assistance for a joint application shall not exceed  
7 the total pro rata allocation of the joint  
8 applicants."

9 2. By renumbering as necessary.

By JOHN PUTNEY  
DOUG SHULL

**S-3403** FILED MAY 29, 2003  
WITHDRAWN

**HOUSE FILE 683**

**S-3407**

1 Amend the amendment, S-3392, to House File 683, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 33, by striking lines 17 through 41 and  
5 inserting the following:

6 "Sec. \_\_\_\_ . SECURE AN ADVANCED VISION FOR EDUCATION  
7 FUND APPROPRIATION.

8 1. There is appropriated from the grow Iowa fund  
9 created in section 15G.107 to the department of  
10 revenue and finance, for the fiscal year beginning  
11 July 1, 2003, and ending June 30, 2004, the following  
12 amount, or so much thereof as is necessary, to be used  
13 for the purpose designated:

14 For deposit in the secure an advanced vision for  
15 education fund created in section 422E.3A, if enacted  
16 by 2003 Iowa Acts, Senate File 445:

17 ..... \$250,000,000

18 2. Notwithstanding section 8.33, moneys that  
19 remain unexpended at the end of a fiscal year shall  
20 not revert to any fund but shall remain available for  
21 expenditure for the designated purposes during the  
22 succeeding fiscal year."

23 2. By renumbering as necessary.

By JOHN P. KIBBIE ROGER STEWART  
EUGENE S. FRAISE THOMAS G. COURTNEY  
AMANDA RAGAN DR. JOE SENG  
ARYL BEALL KEITH A. KREIMAN

**S-3407** FILED MAY 29, 2003  
LOST

S-3404

1 Amend the amendment, S-3392, to House File 683, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 5, by inserting after line 43, the  
5 following:

6 "DEPARTMENT OF HUMAN SERVICES

7 Sec. \_\_\_\_ . MEDICAID PROVIDERS REIMBURSEMENTS.

8 There is appropriated from the fund created by  
9 section 8.41, for the fiscal year beginning July 1,  
10 2003, and ending June 30, 2004, the following amounts,  
11 to be allocated for the purposes designated:

12 1. For the fiscal year beginning July 1, 2003, to  
13 provide an increase of five percent over the rates in  
14 effect on June 30, 2003, for all medical assistance  
15 program providers reimbursed under the department of  
16 human services:

17 ..... \$ 8,653,000

18 2. For the fiscal year beginning July 1, 2003, to  
19 increase the dispensing fee for pharmacists to a rate  
20 of \$5.17 per prescription, or the pharmacy's usual and  
21 customary fee, whichever is lower:

22 ..... \$ 2,178,000

23 Funds appropriated in this section are funds  
24 anticipated to be received from the federal government  
25 for state and local government fiscal relief under the  
26 federal Jobs and Growth Tax Relief Reconciliation Act  
27 of 2003 and shall be expended as provided in the  
28 federal law making the funds available and in  
29 conformance with chapter 17A."

30 2. Page 23, line 43, by striking the figure  
31 "59,000,000" and inserting the following:  
32 "48,169,000".

33 3. By renumbering as necessary.

<b>By</b> JACK HATCH	JACK HOLVECK
MICHAEL E. GRONSTAL	STEVEN H. WARNSTADT
AMANDA RAGAN	WILLIAM A. DOTZLER
JOE BOLKCOM	DARYL BEALL
JOHN P. KIBBIE	ROGER STEWART
EUGENE S. FRAISE	HERMAN C. QUIRMBACH
MATT McCOY	DICK L. DEARDEN
KEITH A. KREIMAN	WALLY E. HORN
DENNIS H. BLACK	THOMAS G. COURTNEY
MIKE CONNOLLY	DR. JOE SENG
ROBERT E. DVORSKY	

S-3404 FILED MAY 29, 2003

LOST

HOUSE FILE 683

S-3405

1 Amend the amendment, S-3392, to House File 683, as  
2 mended, passed, and reprinted by the House, as  
3 follows:

- 4 1. Page 23, by striking line 43.
- 5 2. Page 23, line 44, by striking the figure
- 6 "41,000,000" and inserting the following:
- 7 "30,000,000".
- 8 3. Page 33, by inserting after line 41 the
- 9 following:

"DIVISION

LOCAL GOVERNMENT FISCAL RELIEF

Sec. \_\_\_\_ . PERSONAL PROPERTY TAX REPLACEMENT.

13 1. There is appropriated from the fund created by  
14 section 8.41, to the department of revenue for the  
15 fiscal year beginning July 1, 2003, and ending June  
16 30, 2004, the following amount, to be allocated to  
17 political subdivisions in the manner provided for  
18 personal property tax replacement in chapter 405A,  
19 Code 2003:

.....	\$ 56,000,000
-------	---------------

21 2. Funds appropriated in this section are funds  
22 anticipated to be received from the federal government  
23 for state and local government fiscal relief under the  
24 federal Jobs and Growth Tax Relief Reconciliation Act  
25 of 2003 and shall be expended as provided in the  
26 federal law making the funds available and in  
27 conformance with chapter 17A.

Sec. \_\_\_\_ . MACHINERY AND EQUIPMENT TAX REPLACEMENT.

29 1. Notwithstanding the amount of the standing  
30 appropriation from the general fund of the state under  
31 section 427B.19A, there is appropriated from the fund  
32 created by section 8.41, in lieu of the appropriation  
33 made in section 427B.19A, for the fiscal year  
34 beginning July 1, 2003, and ending June 30, 2004, the  
35 following amount, to be allocated as provided in  
36 section 427B.19A:

.....	\$ 14,900,000
-------	---------------

38 2. Funds appropriated in this section are funds  
39 anticipated to be received from the federal government  
40 for state and local government fiscal relief under the  
41 federal Jobs and Growth Tax Relief Reconciliation Act  
42 of 2003 and shall be expended as provided in the  
43 federal law making the funds available and in  
44 conformance with chapter 17A.

Sec. \_\_\_\_ . CHILD WELFARE FUNDING.

46 1. There is appropriated from the fund created by  
47 section 8.41 to the department of human services for  
48 the fiscal year beginning July 1, 2003, and ending  
49 June 30, 2004, the following amount, to be used for  
50 the purpose designated:

S-3405

**S-3405**

Page 2

1 To replace the appropriation reductions made  
2 pursuant to 2003 Iowa Acts, Senate File 453, section  
3 44, subsection 9:  
4 ..... \$ 10,000,000

5 2. Funds appropriated in this section are funds  
6 anticipated to be received from the federal government  
7 for state and local government fiscal relief under the  
8 federal Jobs and Growth Tax Relief Reconciliation Act  
9 of 2003 and shall be expended as provided in the  
10 federal law making the funds available and in  
11 conformance with chapter 17A."

12 2. By renumbering as necessary.

**By** MICHAEL E. GRONSTAL  
JOE BOLKCOM  
AMANDA RAGAN  
JOHN P. KIBBIE  
EUGENE S. FRAISE  
MATT McCOY  
KEITH A. KREIMAN  
DENNIS H. BLACK  
MIKE CONNOLLY  
ROBERT E. DVORSKY  
JACK HOLVECK

STEVEN H. WARNSTADT  
WILLIAM A. DOTZLER  
DARYL BEALL  
ROGER STEWART  
JACK HATCH  
HERMAN C. QUIRMBACH  
DICK L. DEARDEN  
WALLY E. HORN  
THOMAS G. COURTNEY  
DR. JOE SENG

**S-3405** FILED MAY 29, 2003

LOST

**EIGHTIETH GENERAL ASSEMBLY  
2003 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

JUNE 3, 2003

**HOUSE FILE 683**

**S-3406**

1 Amend the amendment, S-3392, to House File 683, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. By striking page 1, line 3, through page 34,  
5 line 10, and inserting the following:

6 "\_\_\_\_\_. By striking everything after the enacting  
7 clause and inserting the following:

8 "DIVISION I  
9 STATE EMPLOYEE SALARIES

10 Section 1. 2003 Iowa Acts, Senate File 458,  
11 section 48, unnumbered paragraphs 1 and 2, if enacted,  
12 are amended to read as follows:

13 There is appropriated from the general fund of the  
14 state to the salary adjustment fund for distribution  
15 by the department of management to the various state  
16 departments, boards, commissions, councils, and  
17 agencies, and to the state board of regents for those  
18 persons employed at the state school for the deaf and  
19 the Iowa braille and sight saving school, for the  
20 fiscal year beginning July 1, 2003, and ending June  
21 30, 2004, the amount of ~~-\$28,000,000~~ \$30,000,000, or so  
22 much thereof as may be necessary, to fully fund annual  
23 pay adjustments, expense reimbursements, and related  
24 benefits implemented pursuant to the following:

25 Of the amount appropriated in this section,  
26 ~~\$2,668,000~~ \$2,818,000 shall be allocated to the  
27 judicial branch for the purpose of funding annual pay  
28 adjustments, expense reimbursements, and related  
29 benefits implemented for judicial branch employees.  
30 In distributing the remainder of the amount  
31 appropriated in this section, the department of  
32 management, in order to address essential public  
33 protection functions and recognizing the availability  
34 of funds appropriated in other Acts of the general  
35 assembly and other sources, shall give priority, in  
36 descending order, to the department of corrections,  
37 department of human services, and department of public  
38 safety, and then to the remaining state departments,  
39 boards, commissions, councils, and agencies to which  
40 the appropriation is applicable.

41 Sec. 2. STATE COURTS -- JUSTICES, JUDGES, AND  
42 MAGISTRATES.

43 1. Of the amount allocated for the judicial branch  
44 in 2003 Iowa Acts, Senate File 458, section 48, if  
45 enacted, \$150,000 is allocated to fund the changes in  
46 this section to the salaries of justices, judges, and  
47 magistrates.

48 2. The following annual salary rates shall be paid  
49 to the persons holding the judicial positions  
50 indicated during the fiscal year beginning July 1,

**S-3406**

S-3406

Page 2

1	2003, effective with the pay period beginning December		
2	5, 2003, and for subsequent pay periods:		
3	a. Chief justice of the supreme court:		
4	.....	\$	127,040
5	b. Each justice of the supreme court:		
6	.....	\$	122,500
7	c. Chief judge of the court of appeals:		
8	.....	\$	122,380
9	d. Each associate judge of the court of appeals:		
10	.....	\$	117,850
11	e. Each chief judge of a judicial district:		
12	.....	\$	116,760
13	f. Each district judge except the chief judge of a		
14	judicial district:		
15	.....	\$	112,010
16	g. Each district associate judge:		
17	.....	\$	97,610
18	h. Each associate juvenile judge:		
19	.....	\$	97,610
20	i. Each associate probate judge:		
21	.....	\$	97,610
22	j. Each judicial magistrate:		
23	.....	\$	29,100
24	k. Each senior judge:		
25	.....	\$	6,500

26 3. Persons receiving the salary rates established  
 27 under subsection 2 shall not receive any additional  
 28 salary adjustments provided by 2003 Iowa Acts, Senate  
 29 File 458, division V.

DIVISION II

APPROPRIATIONS AND APPROPRIATIONS REVISIONS

INSURANCE DIVISION

33 Sec. 3. INSURANCE STUDY. There is appropriated  
 34 from the general fund of the state to the department  
 35 of commerce for the fiscal year beginning July 1,  
 36 2003, and ending June 30, 2004, the following amount,  
 37 or so much thereof as is necessary, to be used for the  
 38 purpose designated:

39	For the insurance division to implement the school		
40	health insurance reform team study in accordance with		
41	2003 Iowa Acts, Senate File 386:		
42	.....	\$	15,000

DEPARTMENT OF MANAGEMENT

44 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND  
 45 APPROPRIATION. There is appropriated from the general  
 46 fund of the state to the department of management for  
 47 the fiscal year beginning July 1, 2003, and ending  
 48 June 30, 2004, the following amount, or so much  
 49 thereof as is necessary, to be used for the purpose  
 50 designated:

S-3406

S-3406

Page 3

1 For deposit in the local government innovation fund  
 2 created in section 8.64:  
 3 ..... \$ 1,000,000

4 Notwithstanding section 8.64, subsection 4, if  
 5 enacted by 2003 Iowa Acts, Senate File 453, section  
 6 27, the local government innovation fund committee may  
 7 provide up to 20 percent of the amount appropriated in  
 8 this section in the form of forgivable loans or as  
 9 grants for those projects that propose a new and  
 10 innovative sharing initiative that would serve as an  
 11 important model for cities and counties.

DEPARTMENT OF CORRECTIONS

12  
 13 Sec. 5. There is appropriated from the rebuild  
 14 Iowa infrastructure fund to the department of  
 15 corrections for the fiscal year beginning July 1,  
 16 2003, and ending June 30, 2004, the following amounts,  
 17 or so much thereof as is necessary, to be used for the  
 18 purposes designated:

19 1. For expansion of the Luster Heights facility  
 20 into a community-based corrections facility and an  
 21 institutional work and substance abuse treatment  
 22 center:  
 23 ..... \$ 92,000

24 2. For conversion of the Clarinda lodge into  
 25 minimum security bed space:  
 26 ..... \$ 730,400

27 Sec. 6. 2003 Iowa Acts, Senate File 439, section  
 28 4, subsection 1, paragraphs b and g, as enacted, are  
 29 amended to read as follows:

30 b. For the operation of the Anamosa correctional  
 31 facility, including salaries, support, maintenance,  
 32 employment of correctional officers and a part-time  
 33 chaplain to provide religious counseling to inmates of  
 34 a minority race, miscellaneous purposes, and for not  
 35 more than the following full-time equivalent  
 36 positions:

37 ..... \$ 24,531,917  
 38 ..... 25,196,085  
 39 ..... FTEs 375.75  
 40 ..... 385.25

41 Moneys are provided within this appropriation for  
 42 one full-time substance abuse counselor for the Luster  
 43 Heights facility, for the purpose of certification of  
 44 a substance abuse program at that facility. Of the  
 45 funds appropriated in this paragraph "b", \$664,168 is  
 46 allocated for implementation costs associated with  
 47 expansion of the Luster Heights facility.

48 g. For the operation of the Clarinda correctional  
 49 facility, including salaries, support, maintenance,  
 50 employment of correctional officers, miscellaneous

S-3406

Page 4

1 purposes, and for not more than the following full-  
2 time equivalent positions:

3	.....	\$	<del>18,595,788</del>
4			<u>19,389,220</u>
5	.....	FTEs	<u>291.76</u>
6			<u>304.58</u>

7 Moneys received by the department of corrections as  
8 reimbursement for services provided to the Clarinda  
9 youth corporation are appropriated to the department  
10 and shall be used for the purpose of operating the  
11 Clarinda correctional facility.

12 Of the funds appropriated in this paragraph "g",  
13 \$793,432 is allocated for implementation costs  
14 associated with expansion of the conversion of the  
15 Clarinda lodge, with \$277,500 of the allocation for  
16 one-time costs and \$515,932 for ongoing costs.

17 PUBLIC TRANSIT

18 Sec. 7. 2003 Iowa Acts, Senate File 458, section  
19 8, if enacted, is amended to read as follows:

20 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.  
21 Notwithstanding section 312.2, subsection 14, the  
22 amount appropriated from the general fund of the state  
23 under section 312.2, subsection 14, to the state  
24 department of transportation for public transit  
25 assistance under chapter 324A for the fiscal year  
26 beginning July 1, 2003, and ending June 30, 2004, is  
27 reduced by the following amount:

28	.....	\$	<del>1,298,675</del>
29			<u>2,582,800</u>

30 OFFICE OF THE GOVERNOR

31 Sec. 8. 2003 Iowa Acts, House File 655, section 5,  
32 subsection 1, if enacted, is amended to read as  
33 follows:

34 1. GENERAL OFFICE

35 For salaries, support, maintenance, and  
36 miscellaneous purposes for the general office of the  
37 governor and the general office of the lieutenant  
38 governor, and for not more than the following full-  
39 time equivalent positions:

40	.....	\$	<del>1,243,643</del>
41			<u>1,493,643</u>
42	.....	FTEs	<u>17.25</u>
43			<u>19.25</u>

44 Of the amount appropriated in this section,  
45 \$250,000 is allocated for two full-time equivalent  
46 positions in the office of the governor that were  
47 previously funded by other state departments and  
48 agencies.

49 DEPARTMENT OF REVENUE

50 Sec. 9. 2003 Iowa Acts, House File 655, section



S-3406

Page 5

1 31, if enacted, is amended to read as follows:

2 SEC. 31. DEPARTMENT OF REVENUE. There is  
3 appropriated from the general fund of the state to the  
4 department of revenue for the fiscal year beginning  
5 July 1, 2003, and ending June 30, 2004, the following  
6 amounts, or so much thereof as is necessary, to be  
7 used for the purposes designated, and for not more  
8 than the following full-time equivalent positions used  
9 for the purposes designated in subsection 1:

10 ..... FTEs 378.87  
11 380.87

12 Of the full-time equivalent positions authorized in  
13 this section, two full-time equivalent positions are  
14 allocated for new positions to assist in preparation  
15 of information for the revenue estimating conference  
16 and in improving the turnaround time for processing  
17 corporate tax filings.

18 1. COMPLIANCE -- INTERNAL RESOURCES MANAGEMENT --  
19 STATE FINANCIAL MANAGEMENT -- STATEWIDE PROPERTY TAX  
20 ADMINISTRATION

21 For salaries, support, maintenance, and  
22 miscellaneous purposes:

23 ..... \$ 23,259,111  
24 23,359,111

25 Of the funds appropriated pursuant to this  
26 subsection, \$400,000 shall be used to pay the direct  
27 costs of compliance related to the collection and  
28 distribution of local sales and services taxes imposed  
29 pursuant to chapters 422B and 422E.

30 The director of revenue shall prepare and issue a  
31 state appraisal manual and the revisions to the state  
32 appraisal manual as provided in section 421.17,  
33 subsection 18, without cost to a city or county.

34 2. COLLECTION COSTS AND FEES

35 For payment of collection costs and fees pursuant  
36 to section 422.26:

37 ..... \$ 28,166

38 DEPARTMENT OF PUBLIC HEALTH

39 Sec. 10. 2003 Iowa Acts, House File 667, section  
40 2, subsection 8, as enacted, is amended to read as  
41 follows:

42 8. INFECTIOUS DISEASES

43 For reducing the incidence and prevalence of  
44 communicable diseases, and for not more than the  
45 following full-time equivalent positions:

46 ..... \$ 977,340  
47 1,074,888  
48 ..... FTEs 36.90

49 DIVISION III  
50 MISCELLANEOUS PROVISIONS

S-3406

**S-3406**

Page 6

1 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE -- REVIEW  
2 OF CONTINUING CARE RETIREMENT COMMUNITIES -- ASSISTED  
3 LIVING PROGRAM APPLICABILITY. The government  
4 oversight committees shall review the application of  
5 chapter 231C, relating to assisted living programs, to  
6 continuing care retirement communities, as defined in  
7 section 523D.1. The committees shall submit  
8 recommendations for any legislation deemed necessary  
9 for consideration during the 2004 regular legislative  
10 session.

11 Sec. 12. Section 15E.193B, subsection 4, Code  
12 2003, as amended by 2003 Iowa Acts, Senate File 458,  
13 section 100, if enacted, is amended to read as  
14 follows:

15 4. The eligible housing business shall complete  
16 its building or rehabilitation within two years from  
17 the time the business begins construction on the  
18 single-family homes and dwelling units. The failure  
19 to complete construction or rehabilitation within two  
20 years shall result in the eligible housing business  
21 becoming ineligible and subject to the repayment  
22 requirements and penalties enumerated in subsection 7.  
23 The department may extend the prescribed two-year  
24 completion period for any current or future project  
25 which has not been completed if the department  
26 determines that completion within the two-year period  
27 is impossible or impractical as a result of a  
28 substantial loss caused by flood, fire, earthquake,  
29 storm, or other catastrophe. For purposes of this  
30 subsection, "substantial loss" means damage or  
31 destruction in an amount in excess of thirty percent  
32 of the project's expected eligible basis as set forth  
33 in the eligible housing business's application.

34 Sec. 13. Section 215.14, Code 2003, is amended to  
35 read as follows:

36 215.14 APPROVAL BY DEPARTMENT.

37 A commercial weighing and measuring device shall  
38 not be installed in this state unless approved by the  
39 department. ~~All livestock scales and~~

40 1. A pit type scales scale or any other scale  
41 installed in a pit, regardless of capacity, that is  
42 installed on or after July 1, 1990, shall have a  
43 clearance of not less than four feet from the finished  
44 floor line of the scale to the bottom of the "I" beam  
45 of the scale bridge. Livestock shall not be weighed  
46 on any scale other than a livestock scale or pit type  
47 scale.

48 2. An electronic pitless scale shall be placed on  
49 concrete footings with concrete floor. The concrete  
50 floor shall allow for adequate drainage away from the

**S-3406**

**S-3406**

Page 7

1 scale as required by the department. There shall be a  
2 clearance of not less than eight inches between the  
3 weigh bridge and the concrete floor to facilitate  
4 inspection and cleaning.

5 3. After approval by the department, the  
6 specifications for a commercial weighing and measuring  
7 device shall be furnished to the purchaser of the  
8 device by the manufacturer. The approval shall be  
9 based upon the recommendation of the United States  
10 national institute of standards and technology.

11 Sec. 14. Section 231C.17, subsection 4, if enacted  
12 by 2003 Iowa Acts, House File 675, section 24, is  
13 amended by striking the subsection and inserting in  
14 lieu thereof the following:

15 4. A continuing care retirement community, as  
16 defined in section 523D.1, may provide limited  
17 personal care services and emergency response services  
18 to its independent living tenants if all of the  
19 following conditions are met:

20 a. The provision of such personal care services or  
21 emergency response services does not result in  
22 inadequate staff coverage to meet the service needs of  
23 all tenants of the continuing care retirement  
24 community.

25 b. The staff providing the personal care or  
26 emergency response services is trained or qualified to  
27 the extent necessary to provide such services.

28 c. The continuing care retirement community  
29 documents the date, time, and nature of the personal  
30 care or emergency response services provided.

31 d. Emergency response services are only provided  
32 in situations which constitute an urgent need for  
33 immediate action or assistance due to unforeseen  
34 circumstances.

35 This subsection shall not be construed to prohibit  
36 an independent living tenant of a continuing care  
37 retirement community from contracting with a third  
38 party for personal care or emergency response  
39 services.

40 Sec. 15. NEW SECTION. 237A.25 CONSUMER  
41 INFORMATION.

42 1. The department shall develop consumer  
43 information material to assist parents in selecting a  
44 child care provider. In developing the material, the  
45 department shall consult with department of human  
46 services staff, department of education staff, the  
47 state child care advisory council, the Iowa  
48 empowerment board, and child care resource and  
49 referral services. In addition, the department may  
50 consult with other entities at the local, state, and

**S-3406**

**S-3406**

Page 8

1 national level.

2 2. The consumer information material developed by  
3 the department for parents and other consumers of  
4 child care services shall include but is not limited  
5 to all of the following:

6 a. A pamphlet or other printed material containing  
7 consumer-oriented information on locating a quality  
8 child care provider.

9 b. Information explaining important considerations  
10 a consumer should take into account in selecting a  
11 licensed or registered child care provider.

12 c. Information explaining how a consumer can  
13 identify quality services, including what questions to  
14 ask of providers and what a consumer might expect or  
15 demand to know before selecting a provider.

16 d. An explanation of the applicable laws and  
17 regulations written in layperson's terms.

18 e. An explanation of what it means for a provider  
19 to be licensed, registered, or unregistered.

20 f. An explanation of the information considered in  
21 registry and record background checks.

22 g. Other information deemed relevant to consumers.

23 3. The department shall implement and publicize an  
24 internet page or site that provides all of the  
25 following:

26 a. The written information developed pursuant to  
27 subsections 1 and 2.

28 b. Regular informational updates, including when a  
29 child care provider was last subject to a state  
30 quality review or inspection and, based upon a final  
31 score or review, the results indicating whether the  
32 provider passed or failed the review or inspection.

33 c. Capability for a consumer to be able to access  
34 information concerning child care providers, such as  
35 informational updates, identification of provider  
36 location, name, and capacity, and identification of  
37 providers participating in the state child care  
38 assistance program and those participating in the  
39 child care food program, by sorting the information or  
40 employing other means that provide the information in  
41 a manner that is useful to the consumer. Information  
42 regarding provider location shall identify providers  
43 located in the vicinity of an address selected by a  
44 consumer and provide contact information without  
45 listing the specific addresses of the providers.

46 d. Other information deemed appropriate by the  
47 department.

48 Sec. 16. Section 384.84, Code 2003, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 9. Notwithstanding subsection 3,

**S-3406**

**S-3406**

Page 9

1 a lien shall not be filed against the land if the  
2 premises are located on leased land. If the premises  
3 are located on leased land, a lien may be filed  
4 against the premises only.

5 Sec. 17. Section 422E.3A, subsection 2, paragraph  
6 a, if enacted by 2003 Iowa Acts, Senate File 445,  
7 section 8, is amended to read as follows:

8 a. A school district that is located in whole or  
9 in part in a county that voted on and approved prior  
10 to April 1, 2003, the local sales and services tax for  
11 school infrastructure purposes and that has a sales  
12 tax capacity per student above the guaranteed school  
13 infrastructure amount shall receive for the remainder  
14 of the term of the tax an amount equal to its pro rata  
15 share of the local sales and services tax receipts as  
16 provided in section 422E.3, subsection 5, paragraph  
17 "d", unless the school board passes a resolution by  
18 October 1, 2003, agreeing to receive a distribution  
19 pursuant to paragraph "b", subparagraph (1).

20 Sec. 18. Section 422E.3A, subsection 2, paragraph  
21 b, subparagraph (1), if enacted by 2003 Iowa Acts,  
22 Senate File 445, section 8, is amended to read as  
23 follows:

24 (1) A school district that is located in whole or  
25 in part in a county that voted on and approved prior  
26 to April 1, 2003, the local sales and services tax for  
27 school infrastructure purposes and that has a sales  
28 tax capacity per student below its guaranteed school  
29 infrastructure amount shall receive for the remainder  
30 of the term of the tax an amount equal to its pro rata  
31 share of the local sales and services tax receipts as  
32 provided in section 422E.3, subsection 5, paragraph  
33 "d", plus an amount equal to its supplemental school  
34 infrastructure amount, unless the school district  
35 passes a resolution by October 1, 2003, agreeing to  
36 receive only an amount equal to its pro rata share as  
37 provided in section 422E.3, subsection 5, paragraph  
38 "d", in all subsequent years.

39 Sec. 19. Section 435.26A, subsection 5, as enacted  
40 by 2003 Iowa Acts, Senate File 134, section 7, and as  
41 amended by 2003 Iowa Acts, Senate File 458, section  
42 128, if enacted, is amended to read as follows:

43 5. An owner of a manufactured home who has  
44 surrendered a certificate of title under this section  
45 and requires another certificate of title for the  
46 manufactured home is required to apply for a  
47 certificate of title under ~~section 321.42~~ chapter 321.  
48 If supporting documents for the reissuance of a title  
49 are not available or sufficient, the procedure for the  
50 reissuance of a title specified in the rules of the

**S-3406**

**S-3406**

Page 10

1 department of transportation shall be used.

2 Sec. 20. Section 459.315, Code 2003, as amended by  
3 2003 Iowa Acts, House File 644, if enacted, is amended  
4 by adding the following new subsection:

5 NEW SUBSECTION. 4A. This section shall not  
6 require a person to be certified as a confinement site  
7 manure applicator if the person applies manure which  
8 originates from a manure storage structure which is  
9 part of a small animal feeding operation.

10 Sec. 21. Section 508.31A, subsection 2, paragraph  
11 a, subparagraph (4), as enacted by 2003 Iowa Acts,  
12 House File 647, section 7, is amended to read as  
13 follows:

14 (4) A person other than a natural person for the  
15 purpose of providing collateral security for  
16 securities ~~issued by such person and~~ registered with  
17 the federal securities and exchange commission.

18 Sec. 22. 2003 Iowa Acts, Senate File 401, section  
19 5, subsection 1, is amended to read as follows:

20 1. Notwithstanding any provision of law to the  
21 contrary, the section of this Act creating section  
22 453A.2, subsection 5A, is applicable to violations  
23 pending on the effective date of this Act for which a  
24 penalty has not been assessed under section 453A.22,  
25 subsection 2. Notwithstanding this subsection,  
26 however, if a county health department, a city health  
27 department, or a city assesses a penalty under section  
28 453A.22, subsection 2, on or after April 11, 2003 but  
29 prior to June 30, 2003, for a violation of section  
30 453A.2, subsection 1, which was pending on April 11,  
31 2003, the county health department, city health  
32 department or city assessing the penalty shall be  
33 deemed to have jurisdiction to assess the penalty and  
34 the penalty assessed is deemed valid.

35 Sec. 23. 2003 Iowa Acts, Senate File 453, section  
36 31, subsection 1, if enacted, is amended to read as  
37 follows:

38 1. In lieu of applying a charge for capital assets  
39 to the institutions under the control of the state  
40 board of regents as otherwise provided in this  
41 division for executive branch agencies, the  
42 appropriations made from the general fund of the state  
43 to the state board of regents for the ~~general~~  
44 ~~university~~ operating budgets at the state university  
45 of Iowa, Iowa state university of science and  
46 technology, and university of northern Iowa, in 2003  
47 Iowa Acts, House File 662, section 9, subsections 2,  
48 3, and 4, are reduced by \$17,880,000. ~~The state board~~  
49 ~~of regents shall apply the reduction as follows: state~~  
50 ~~university of Iowa, 46.7 percent, Iowa state~~

**S-3406**

-10-

**S-3406**

Page 11

1 ~~university of science and technology, 36.8 percent,~~  
2 ~~and university of northern Iowa, 16.5 percent.~~

3 Sec. 24. 2003 Iowa Acts, Senate File 458, section  
4 21, unnumbered paragraph 3, if enacted, is amended to  
5 read as follows:

6 Of the funds appropriated in this section, up to  
7 \$10,000 is transferred to the Iowa department of  
8 ~~public health~~ human services for allocation to  
9 community mental health centers to provide counseling  
10 services to persons who are members of the national  
11 guard and reservists activated but as yet not sent to  
12 combat zones and to the persons' family members. The  
13 sessions shall be provided on a first come, first  
14 served basis and shall be limited to three visits per  
15 family.

16 Sec. 25. 2003 Iowa Acts, Senate File 458, section  
17 149, if enacted, is amended to read as follows:

18 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR  
19 PHYSICIAN SERVICES. To the extent that, pursuant to  
20 law enacted by the Eightieth General Assembly, 2003  
21 Session, supplemental payment adjustments are  
22 implemented for physician services provided to medical  
23 assistance program participants at publicly owned  
24 acute care hospitals, the department of human services  
25 shall not, directly or indirectly, recoup the  
26 supplemental payment adjustments for any reason,  
27 unless an amount equivalent to the amount of  
28 ~~adjustment funds that were~~ is first transferred to the  
29 ~~department by the state university of Iowa college of~~  
30 ~~medicine is transferred by the department to the~~  
31 ~~qualifying physicians. Any such amount transferred~~  
32 and identified as a supplemental payment under this  
33 section shall then be refunded to the department of  
34 human services, per the agreement executed for this  
35 purpose between the department and the university of  
36 Iowa.

37 Sec. 26. 2003 Iowa Acts, Senate File 458, section  
38 171, subsection 1, if enacted, is amended to read as  
39 follows:

40 1. PURPOSE. The general assembly finds that the  
41 Iowa communications network is a valuable state asset  
42 that has served the people of the state well, but  
43 which requires significant ongoing financial support  
44 from the state in the form of annual appropriations.  
45 The operation of a telecommunications network is a  
46 function that can be and generally is conducted by  
47 private enterprise. It is in the public interest to  
48 sell the Iowa communications network to a qualified  
49 private business enterprise that will commit to  
50 provide the same secure low-cost high-quality service

**S-3406**

**S-3406**

Page 12

1 to ~~state and federal~~ public and private agencies and  
2 ~~military installations,~~ as defined in chapter 8D, now  
3 provided by the network. Through such a sale, the  
4 state would eliminate the need for ongoing annual  
5 appropriations while preserving the key benefits  
6 enjoyed by the state under the present state ownership  
7 of the network. The state also expects to obtain  
8 sufficient proceeds from such a sale to cover existing  
9 obligations and to realize additional proceeds above  
10 the level of such obligations. Given the current  
11 depressed state of the telecommunications industry,  
12 the state can reasonably be expected to maximize sales  
13 proceeds by allowing a purchaser a period of time in  
14 which to assemble financing for its purchase. During  
15 the interim between enactment of this division of this  
16 Act and completion of a sale, the services of a  
17 private-enterprise manager with experience operating  
18 telecommunications networks can reasonably be expected  
19 to reduce the costs of operating the Iowa  
20 communications network, thereby lowering annual  
21 appropriations.

22 Sec. 27. 2003 Iowa Acts, Senate File 458, section  
23 172, subsection 2, paragraph b, if enacted, is amended  
24 to read as follows:

25 b. Select a manager and enter into a management  
26 contract with the manager by October 1, 2004. The  
27 management contract shall provide for the continuation  
28 of all services currently being provided to ~~state and~~  
29 ~~federal~~ public and private agencies and ~~military~~  
30 ~~installations~~ pursuant to chapter 8D, at the rates  
31 specified therein, for the duration of the contract.  
32 The contract shall also specify the manager's  
33 authority in relation to the duties of the commission  
34 during the period between execution of the management  
35 contract and closing of the sale of the network. The  
36 commission shall establish a dispute resolution  
37 process regarding rate increases, quality of service  
38 issues, and other areas of dispute involving network  
39 subscribers. The commission shall also make  
40 recommendations regarding imposition of an ongoing  
41 dispute resolution and appeals process commencing with  
42 the closing of the sale of the network.

43 Sec. 28. 2003 Iowa Acts, Senate File 458, section  
44 173, subsection 1, if enacted, is amended to read as  
45 follows:

46 1. The ~~principal place of business of the~~  
47 purchaser and any parent of the purchaser shall be  
48 located operating in the state of Iowa.

49 Sec. 29. 2003 Iowa Acts, Senate File 458, section  
50 174, subsection 4, if enacted, is amended to read as

**S-3406**



S-3406

Page 13

1 follows:

2 4. Agree to continue all services currently being  
 3 provided to ~~state and federal~~ public and private  
 4 agencies and military installations, as defined in  
 5 chapter 8D, for the next ten years, with any annual  
 6 rate increase not to exceed five percent per year,  
 7 provided that the purchaser shall not be required to  
 8 supply at such restricted prices a quantity or quality  
 9 of service greater than that provided by the network  
 10 as of execution of the contract for sale of the  
 11 network.

12 Sec. 30. 2003 Iowa Acts, House File 667, section  
 13 27, subsection 1, unnumbered paragraph 2, is amended  
 14 to read as follows:

15 For costs associated with the commitment and  
 16 treatment of sexually violent predators in the unit  
 17 located at the state mental health institute at  
 18 Cherokee, including costs of legal services and other  
 19 associated costs, including salaries, support,  
 20 maintenance, and miscellaneous purposes and for not  
 21 more than the following full-time equivalent  
 22 positions:

23 .....	\$	2,675,179
24 .....	FTEs	46.00
25		<u>57.00</u>

26 Sec. 31. EFFECTIVE DATE -- RETROACTIVE  
 27 APPLICABILITY.

28 1. The section of this division of this Act  
 29 amending section 231C.17, being deemed of immediate  
 30 importance, takes effect upon enactment.

31 2. The section of this division of this Act  
 32 amending 2003 Iowa Acts, Senate File 401, being deemed  
 33 of immediate importance, takes effect upon enactment  
 34 and is retroactively applicable to April 11, 2003.

35 DIVISION IV

36 CORRECTIVE PROVISIONS

37 Sec. 32. Section 8A.505, as enacted by 2003 Iowa  
 38 Acts, House File 534, section 87, is amended by adding  
 39 the following new unnumbered paragraph:

40 NEW UNNUMBERED PARAGRAPH. There is appropriated  
 41 annually from the increase in indirect cost  
 42 reimbursements over the amount of indirect cost  
 43 reimbursements received during the fiscal year  
 44 beginning July 1, 2002, to the office of grants  
 45 enterprise management of the department of management  
 46 the sum of up to one hundred twenty-five thousand  
 47 dollars. The director shall transfer the funds  
 48 appropriated to the department of management as  
 49 provided in this paragraph and shall make the funds  
 50 resulting from the increase in reimbursements

**S-3406**

Page 14

1 available during the fiscal year to the department of  
2 management on a monthly basis. If the amount of the  
3 increase in indirect cost reimbursements is  
4 insufficient to pay the maximum appropriation provided  
5 for in this paragraph, the amount appropriated is  
6 equal to the amount of such increase.

7 Sec. 33. Section 12C.4, Code 2003, as amended by  
8 2003 Iowa Acts, House File 289, section 2, is amended  
9 to read as follows:

10 12C.4 LOCATION OF DEPOSITORIES.

11 Deposits by the treasurer of state shall be in  
12 depositories located in this state; by a county  
13 officer or county public hospital officer or merged  
14 area hospital officer, in depositories located in the  
15 county or in an adjoining county within this state; by  
16 a memorial hospital treasurer, in a depository located  
17 within this state which shall be selected by the  
18 memorial hospital treasurer and approved by the  
19 memorial hospital commission; by a city treasurer or  
20 other city financial officer, in depositories located  
21 in the county in which the city is located or in an  
22 adjoining county, but if there is no depository in the  
23 county in which the city is located or in an adjoining  
24 county then in any other depository located in this  
25 state which shall be selected as a depository by the  
26 city council; by a school treasurer or by a school  
27 secretary in a depository within this state which  
28 shall be selected by the board of directors or the  
29 trustees of the school district; by a township clerk  
30 in a depository located within this state which shall  
31 be selected by the township clerk and approved by the  
32 trustees of the township. However, deposits may be  
33 made in depositories outside of Iowa for the purpose  
34 of paying principal and interest on bonded  
35 indebtedness of any municipality when the deposit is  
36 made not more than ten days before the date the  
37 principal or interest becomes due. Further, the  
38 treasurer of state may maintain an account or accounts  
39 outside the state of Iowa for the purpose of providing  
40 custodial services for the state and state retirement  
41 fund accounts. Deposits made for the purpose of  
42 completing an electronic financial transaction  
43 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be  
44 made in any depository located in this state.

45 Sec. 34. Section 29A.28, subsection 3, as enacted  
46 by 2003 Iowa Acts, House File 674, section 3, is  
47 amended to read as follows:

48 3. Upon returning from a leave of absence under  
49 this section, an employee shall be entitled to return  
50 to the same position and classification held by the

**S-3406**

**S-3406**

Page 15

1 employee at the time of entry ~~ente~~ into state active  
2 duty, active state service, or federal service or to  
3 the position and classification that the employee  
4 would have been entitled to if the continuous civil  
5 service of the employee had not been interrupted by  
6 state active duty, active state service, or federal  
7 service. Under this subsection, "position" includes  
8 the geographical location of the position.

9 Sec. 35. Section 70A.39, subsection 1, paragraph  
10 b, as enacted by 2003 Iowa Acts, House File 381,  
11 section 1, is amended to read as follows:

12 b. ~~"Vascularized~~ "Vascular organ" means a heart,  
13 lung, liver, pancreas, kidney, intestine, or other  
14 organ that requires the continuous circulation of  
15 blood to remain useful for purposes of  
16 transplantation.

17 Sec. 36. Section 99B.7, subsection 1, paragraph 1,  
18 subparagraph (1), Code 2003, as amended by 2003 Iowa  
19 Acts, Senate File 453, section 104, if enacted, is  
20 amended to read as follows:

21 (1) No other gambling is engaged in at the same  
22 location, except that lottery tickets or shares issued  
23 by the Iowa lottery division of the department of  
24 ~~revenue and finance~~ authority may be sold pursuant to  
25 chapter 99G.

26 Sec. 37. Section 507A.4, subsection 9, paragraph  
27 e, as enacted by 2003 Iowa Acts, House File 647,  
28 section 4, is amended to read as follows:

29 e. When not otherwise provided, a foreign or  
30 domestic multiple ~~employee~~ employer welfare  
31 arrangement doing business in this state shall pay to  
32 the commissioner of insurance the fees as required in  
33 section 511.24.

34 Sec. 38. Section 556.11, subsection 5, Code 2003,  
35 as amended by 2003 Iowa Acts, Senate File 180, section  
36 2, is amended to read as follows:

37 5. If the holder of property presumed abandoned  
38 under this chapter knows the whereabouts of the owner  
39 and if the owner's claim has not been barred by the  
40 statute of limitations, the holder shall, before  
41 filing the annual report, communicate with the owner  
42 and take necessary steps to prevent abandonment from  
43 being presumed. The holder shall exercise due  
44 diligence to ascertain the whereabouts of the owner. A  
45 holder is not required to make a due diligence mailing  
46 to owners whose property has an aggregate value of  
47 less than fifty dollars. The treasurer of state may  
48 charge a holder that fails to timely exercise due  
49 diligence, as required in this subsection, five  
50 dollars for each name and address account reported if

**S-3406**

**S-3406**

Page 16

1 thirty-five percent ~~of~~ or more of the accounts are  
2 claimed within the twenty-four months immediately  
3 following the filing of the holder report.

4 Sec. 39. 2003 Iowa Acts, Senate File 438, section  
5 3, is repealed.

6 Sec. 40. 2003 Iowa Acts, Senate File 453, section  
7 11, if enacted, is amended to read as follows:

8 SEC. 11. Sections ~~403.23~~, 405A.1, 405A.2, 405A.3,  
9 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,  
10 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are  
11 repealed.

12 Sec. 41. 2003 Iowa Acts, Senate File 458, section  
13 13, if enacted, is amended to read as follows:

14 SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The  
15 provision provisions in section 25B.7 relating to the  
16 proration of the property tax credits ~~does~~ and the  
17 estimation of the portion of the credit or exemption  
18 which will be funded do not apply with respect to the  
19 amount of state reimbursement for property tax credits  
20 under this division.

21 Sec. 42. 2003 Iowa Acts, Senate File 458, section  
22 159, if enacted, is amended to read as follows:

23 SEC. 159. EFFECTIVE DATES. The following  
24 provisions of this division of this Act, being deemed  
25 of immediate importance, take effect upon enactment:

26 1. The amendments to sections 8.23, 8.31, and 8.57  
27 which are first applicable to appropriations made for  
28 the fiscal year beginning July 1, 2003.

29 2. The amendment to section 12E.12.

30 3. The amendments to sections 15E.42, 15E.43,  
31 15E.45, and 15E.51, which apply retroactively to  
32 January 1, 2002, for tax years beginning on or after  
33 that date.

34 4. The amendment to section 15E.193B.

35 5. The amendment to section 435.26A.

36 6. The amendment to section 453A.2, which shall  
37 only take effect if 2003 Iowa Acts, Senate File 401,  
38 is enacted by the Eightieth General Assembly, 2003  
39 Regular Session.

40 7. The amendments to sections 453C.1 and 453C.2  
41 and the related severability provision.

42 8. The amendments to sections 518.18 and 518A.35.

43 9. The section directing the department of  
44 corrections to develop a plan for selling certain  
45 land.

46 10. The section relating to the sales and use tax  
47 refund.

48 11. The section relating to the school district  
49 reimbursement claim.

50 The sections of this division of this Act amending

**S-3406**

**S-3406**

Page 17

1 section 80B.5 and enacting section 80B.5A are  
2 applicable to the appointment of the director of the  
3 Iowa law enforcement academy for the term beginning  
4 May 1, 2004.

5 ~~Section 29C.8, subsection 3, paragraph "f", as~~  
6 ~~enacted in this division of this Act, and the~~  
7 ~~amendment to section 29C.20, subsection 1, as enacted~~  
8 ~~in this division of this Act, take effect July 1,~~  
9 ~~2004.~~

10 Sec. 43. 2003 Iowa Acts, House File 171, section  
11 112, the bill section amending clause, is amended to  
12 read as follows:

13 Section 656.2, subsection 2, paragraph a,  
14 unnumbered paragraph ~~4~~ 3, Code 2003, is amended to  
15 read as follows:

16 Sec. 44. 2003 Iowa Acts, House File 662, section  
17 5, subsection 8, paragraphs a and b, if enacted, are  
18 amended to read as follows:

19 a. Of the amount appropriated in this ~~section~~  
20 subsection, \$347,371 shall be allocated to the public  
21 broadcasting division for purposes of providing  
22 support for functions related to the Iowa  
23 communications network, including but not limited to  
24 the following functions: development of distance  
25 learning applications; development of a central  
26 information source on the internet relating to  
27 educational uses of the network; second-line technical  
28 support for network sites; testing and initializing  
29 sites onto the network; and coordinating the work of  
30 the education telecommunications council.

31 b. Of the amount appropriated in this ~~section~~  
32 subsection, \$1,272,285 shall be allocated to the  
33 regional telecommunications councils established in  
34 section 8D.5. The regional telecommunications  
35 councils shall use the funds to provide technical  
36 assistance for network classrooms, planning and  
37 troubleshooting for local area networks, scheduling of  
38 video sites, and other related support activities.

39 Sec. 45. 2003 Iowa Acts, House File 662, section  
40 6, unnumbered paragraph 2, if enacted, is amended to  
41 read as follows:

42 The funds allocated in this ~~subsection~~ section  
43 shall be distributed as follows:

44 Sec. 46. 2003 Iowa Acts, House File 662, section  
45 18, if enacted, is repealed.

46 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

47 1. The section of this division of this Act  
48 amending section 29A.28, subsection 3, being deemed of  
49 immediate importance, takes effect upon enactment and  
50 applies retroactively to January 1, 2003.

**S-3406**

-17-

**S-3406**

Page 18

1 2. The section of this division of this Act  
2 amending 2003 Iowa Acts, Senate File 458, section 159,  
3 being deemed of immediate importance, takes effect  
4 upon enactment.

5 3. 2003 Iowa Acts, Senate File 458, section 140,  
6 relating to nonreversion of funds appropriated in 1996  
7 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter  
8 215, if enacted, being deemed of immediate importance,  
9 takes effect upon enactment of this Act.

10 DIVISION V

11 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

12 Sec. 48. Section 331.234, subsections 3 and 4,  
13 Code 2003, as amended by 2003 Iowa Acts, Senate File  
14 390, section 4, if enacted, are amended to read as  
15 follows:

16 3. The board shall make available to the  
17 commission in-kind services such as office space,  
18 printing, supplies, and equipment. ~~The county and~~  
19 ~~shall pay from the segregated account established in~~  
20 ~~subsection 4,~~ the other necessary expenses of the  
21 commission including compensation for secretarial,  
22 clerical, professional, and consultant services. The  
23 total annual expenses, not including the value of in-  
24 kind expenses, to be paid from public funds shall not  
25 exceed one hundred thousand dollars or an amount equal  
26 to thirty cents times the population of the commission  
27 area, according to the most recent certified federal  
28 census. The commission may employ staff as necessary.

29 4. ~~The~~ Except as otherwise provided in subsection  
30 5, the expenses of the commission shall be paid by  
31 each city and county participating in the charter  
32 process or may be paid from the general fund of the  
33 county. Expenses of the commission may also be paid  
34 from any combination of public or private funds  
35 available for that purpose. Each city's share shall  
36 be its pro rata share of the expenses based upon the  
37 ratio that the population of the city bears to the  
38 total population in the county. The county's share  
39 shall be its pro rata share of expenses based upon the  
40 ratio that the population of the unincorporated area  
41 of the county bears to the total population of the  
42 county. The amount paid by each city and county  
43 participating in the charter process shall be  
44 deposited in a segregated account maintained by the  
45 county. The commission's annual expenses may exceed  
46 the amount in subsection 3 only if the excess is paid  
47 from private funds. If a proposed charter is  
48 submitted to the electorate, private funds donated to  
49 the commission may be used to promote passage of the  
50 proposed charter.

**S-3406**

-18-

**S-3406**

Page 19

1 Sec. 49. Section 331.234, Code 2003, is amended by  
2 adding the following new subsection:

3 NEW SUBSECTION. 5. In the case of a city-county  
4 consolidation charter commission or a community  
5 commonwealth charter commission, the expenses of the  
6 commission shall be paid by each city and county  
7 participating in the charter process pursuant to  
8 section 331.233A. Each participating city's share  
9 shall be its pro rata share of the expenses based upon  
10 the ratio that the population of the city bears to the  
11 total population in the county. The remainder shall  
12 be paid from the general fund of the county. The  
13 amount paid by each city and county participating in  
14 the charter process shall be deposited in a segregated  
15 account maintained by the county.

16 Sec. 50. Section 331.235, subsection 3, Code 2003,  
17 as amended by 2003 Iowa Acts, Senate File 390, section  
18 5, if enacted, is amended to read as follows:

19 3. Within twenty months after organization, the  
20 commission shall submit the final report to the board.  
21 If the commission is created pursuant to section  
22 331.264, subsection 4, the commission shall submit the  
23 final report to the board within five months after  
24 submission of the preliminary report to the board  
25 pursuant to section 331.264, subsection 3. A  
26 commission created pursuant to section 331.264,  
27 subsection 4, may adopt a motion granting itself a  
28 sixty-day extension of time for submission of its  
29 final report. If the commission recommends a charter  
30 including a form of government other than the existing  
31 form of government, the final report shall include the  
32 full text and an explanation of the proposed charter,  
33 ~~a statement of whether the elected officers shall be~~  
34 ~~elected on a partisan or nonpartisan basis,~~ an  
35 analysis of the fiscal impact of the proposed charter,  
36 any comments deemed desirable by the commission, and  
37 any minority reports. The final report may recommend  
38 no change to the existing form of government and that  
39 no charter be submitted to the electorate, in which  
40 case, the report shall state the reasons for and  
41 against a change in the existing form of government.  
42 The final report shall be made available to the  
43 residents of the county upon request. A summary of  
44 the final report shall be published in the official  
45 newspapers of the county and in a newspaper of general  
46 circulation in each participating city.

47 Sec. 51. Section 331.238, subsection 4, if enacted  
48 by 2003 Iowa Acts, Senate File 390, section 9, is  
49 amended to read as follows:

50 4. ~~Subsections 1 and 2 do~~ This section does not

**S-3406**

**S-3406**

Page 20

1 apply to the city-county consolidated form of  
2 government or the community commonwealth form of  
3 government.

4 Sec. 52. Section 331.247, subsection 4, Code 2003,  
5 as amended by 2003 Iowa Acts, Senate File 390, section  
6 11, if enacted, is amended to read as follows:

7 4. If an alternative form of government for a  
8 consolidated unit of local government is proposed,  
9 approval of the consolidation charter shall be  
10 separate from approval of the alternative form of  
11 government in those cities proposed to be included in  
12 the consolidation. The question of whether the  
13 election of officers of the consolidated unit of local  
14 government shall be with regard to political  
15 affiliation shall be a separate question on the  
16 ballot. Adoption of the consolidation charter  
17 requires the approval of a majority of the votes cast  
18 in the entire county. A city named on the ballot is  
19 included in the consolidation if the proposed charter  
20 is approved by a majority of the votes cast in the  
21 city. The consolidation charter shall be effective in  
22 regard to a city government only if a majority of the  
23 voters of the city voting on the question voted for  
24 participation in the consolidation charter.

25 Sec. 53. Section 331.248, subsection 2, paragraph  
26 j, if enacted by 2003 Iowa Acts, Senate File 390,  
27 section 13, is amended by striking the paragraph and  
28 inserting in lieu thereof the following:

29 j. Provide for the effective date of the adopted  
30 charter.

31 Sec. 54. Section 331.252, Code 2003, as amended by  
32 2003 Iowa Acts, Senate File 390, section 18, if  
33 enacted, is amended by adding the following new  
34 unnumbered paragraph after unnumbered paragraph 2:

35 NEW UNNUMBERED PARAGRAPH. If the charter described  
36 on this ballot is adopted, should officers of the new  
37 government be elected with regard to political  
38 affiliation?

39 Sec. 55. Section 331.254, subsection 7, Code 2003,  
40 as amended by 2003 Iowa Acts, Senate File 390, section  
41 19, if enacted, is amended to read as follows:

42 7. The merger of the elective offices of each  
43 consolidating county with the election of new officers  
44 within sixty days after the effective date of the  
45 charter ~~which shall specifically provide whether the~~  
46 ~~election of new officers shall be on a partisan or~~  
47 ~~nonpartisan basis, notwithstanding section 331.238,~~  
48 ~~subsection 3.~~ The elections shall be conducted by the  
49 county commissioner of elections of each county. No  
50 primary election shall be held. Nominations shall be

**S-3406**



**S-3406**

Page 21

1 made pursuant to section 43.78 and chapters 44 and 45,  
2 as applicable, except that the filing deadline shall  
3 be forty days before the election.

4 Sec. 56. Section 331.261, subsection 11, Code  
5 2003, as amended by 2003 Iowa Acts, Senate File 390,  
6 section 22, if enacted, is amended by striking the  
7 subsection and inserting in lieu thereof the  
8 following:

9 11. The effective date of the adopted charter.

10 Sec. 57. Section 331.264, subsection 4, if enacted  
11 by 2003 Iowa Acts, Senate File 390, section 25, is  
12 amended to read as follows:

13 4. If the committee report recommends a city-  
14 county consolidation or community commonwealth, the  
15 committee shall continue its existence and be  
16 designated, and operate with the powers and duties of,  
17 a commission created pursuant to section 331.233A. If  
18 the committee report recommends a multicounty  
19 consolidation, the committee shall continue its  
20 existence and be designated, and operate with the  
21 powers and duties of, a commission created pursuant to  
22 section 331.233. ~~If the committee recommends an  
23 alternative form of government, that recommendation  
24 shall state whether elections conducted under that  
25 form of government shall be partisan or nonpartisan.~~

26 Sec. 58. EFFECTIVE AND APPLICABILITY DATES. This  
27 division of this Act, being deemed of immediate  
28 importance, takes effect upon enactment and applies to  
29 charter commissions in existence on that date.

## DIVISION VI

## CRIMINAL OFFENDERS AND INMATES

31 Sec. 59. Section 321J.2, subsection 2, paragraph  
32 a, subparagraph (1), Code 2003, is amended to read as  
33 follows:  
34

35 (1) Imprisonment in the county jail for not less  
36 than forty-eight hours, to be served as ordered by the  
37 court, less credit for any time the person was  
38 confined in a jail or detention facility following  
39 arrest or for any time the person spent in a court-  
40 ordered operating-while-intoxicated program that  
41 provides law enforcement security. However, the  
42 court, in ordering service of the sentence and in its  
43 discretion, may accommodate the defendant's work  
44 schedule.

45 Sec. 60. NEW SECTION. 811.2A PRETRIAL RELEASE.

46 A person, who has been released under a plan of  
47 pretrial release or on the person's own recognizance  
48 and who is subsequently arrested for a new criminal  
49 offense while under the plan of pretrial release or  
50 released on the person's own recognizance, shall not

**S-3406**

-21-

**S-3406**

Page 22

1 be eligible for another release pursuant to pretrial  
2 release guidelines or released on the person's own  
3 recognizance, if all of the following apply:

4 1. The arrest for the new criminal offense is  
5 based on a set of facts or an event that is different  
6 than involved in the earlier arrest.

7 2. The new criminal offense is classified as  
8 greater than a serious misdemeanor.

9 However, a person may be admitted to bail if  
10 eligible pursuant to section 811.1.

11 Sec. 61. Section 901.4, Code 2003, is amended to  
12 read as follows:

13 901.4 PRESENTENCE INVESTIGATION REPORT  
14 CONFIDENTIAL -- DISTRIBUTION.

15 The presentence investigation report is  
16 confidential and the court shall provide safeguards to  
17 ensure its confidentiality, including but not limited  
18 to sealing the report, which may be opened only by  
19 further court order. At least three days prior to the  
20 date set for sentencing, the court shall serve all of  
21 the presentence investigation report upon the  
22 defendant's attorney and the attorney for the state,  
23 and the report shall remain confidential except upon  
24 court order. However, the court may conceal the  
25 identity of the person who provided confidential  
26 information. The report of a medical examination or  
27 psychological or psychiatric evaluation shall be made  
28 available to the attorney for the state and to the  
29 defendant upon request. The reports are part of the  
30 record but shall be sealed and opened only on order of  
31 the court. If the defendant is committed to the  
32 custody of the Iowa department of corrections and is  
33 not a class "A" felon, a copy of the presentence  
34 investigation report shall be forwarded to the  
35 director with the order of commitment by the clerk of  
36 the district court and to the board of parole at the  
37 time of commitment. ~~The Pursuant to section 904.602,~~  
38 the presentence investigation report may also be  
39 released by the department of corrections or a  
40 judicial district department of correctional services  
41 pursuant to section 904.602 to another jurisdiction  
42 for the purpose of providing interstate probation and  
43 parole compact services or evaluations, or to a  
44 substance abuse or mental health services provider  
45 when referring a defendant for services. The  
46 defendant or the defendant's attorney may file with  
47 the presentence investigation report, a denial or  
48 refutation of the allegations, or both, contained in  
49 the report. The denial or refutation shall be  
50 included in the report. If the person is sentenced

**S-3406**

**S-3406**

Page 23

1 for an offense which requires registration under  
2 chapter 692A, the court shall release the report to  
3 the department which is responsible under section  
4 692A.13A for performing the assessment of risk.

5 Sec. 62. Section 901B.1, subsection 1, paragraph  
6 c, subparagraph (5), Code 2003, is amended to read as  
7 follows:

8 (5) A substance abuse treatment facility as  
9 established and operated by the Iowa department of  
10 public health or the department of corrections.

11 Sec. 63. Section 903A.2, subsection 1, paragraph  
12 a, Code 2003, is amended to read as follows:

13 a. Category "A" sentences are those sentences  
14 which are not subject to a maximum accumulation of  
15 earned time of fifteen percent of the total sentence  
16 of confinement under section 902.12. To the extent  
17 provided in subsection 5, category "A" sentences also  
18 include life sentences imposed under section 902.1.  
19 An inmate of an institution under the control of the  
20 department of corrections who is serving a category  
21 "A" sentence is eligible for a reduction of sentence  
22 equal to one and two-tenths days for each day the  
23 inmate demonstrates good conduct and satisfactorily  
24 participates in any program or placement status  
25 identified by the director to earn the reduction. The  
26 programs include but are not limited to the following:

27 (1) Employment in the institution.

28 (2) Iowa state industries.

29 (3) An employment program established by the  
30 director.

31 (4) A treatment program established by the  
32 director.

33 (5) An inmate educational program approved by the  
34 director.

35 An inmate serving a category "A" sentence is  
36 eligible for an additional reduction of sentence of up  
37 to three hundred sixty-five days of the full term of  
38 the sentence of the inmate for exemplary acts. In  
39 accordance with section 903A.4, the director shall by  
40 policy identify what constitutes an exemplary act that  
41 may warrant an additional reduction of sentence.

42 Sec. 64. Section 903A.3, subsection 2, Code 2003,  
43 is amended to read as follows:

44 2. The orders of the administrative law judge are  
45 subject to appeal to the superintendent or warden of  
46 the institution, or the superintendent's or warden's  
47 designee, who may either affirm, modify, remand for  
48 correction of procedural errors, or reverse an order.  
49 However, sanctions shall not be increased on appeal.

50 ~~A decision of the superintendent, warden, or designee~~

**S-3406**

**S-3406**

Page 24

1 ~~is subject to review by the director of the Iowa~~  
2 ~~department of corrections who may either affirm,~~  
3 ~~modify, remand for correction of procedural errors, or~~  
4 ~~reverse the decision. However, sanctions shall not be~~  
5 ~~increased on review.~~

6 Sec. 65. NEW SECTION. 904.117 INTERSTATE COMPACT  
7 FUND.

8 An interstate compact fund is established under the  
9 control of the department. All interstate compact  
10 fees collected by the department pursuant to section  
11 907B.5 shall be deposited into the fund and the moneys  
12 shall be used by the department to offset the costs of  
13 complying with the interstate compact for adult  
14 offender supervision in chapter 907B. Notwithstanding  
15 section 8.33, moneys remaining in the fund at the end  
16 of a fiscal year shall not revert to the general fund  
17 of the state. Notwithstanding section 12C.7, interest  
18 and earnings deposited in the fund shall be credited  
19 to the fund.

20 Sec. 66. Section 904.503, subsection 2, Code 2003,  
21 is amended to read as follows:

22 2. When the director has cause to believe that an  
23 inmate in a state correctional institution is mentally  
24 ill, the Iowa department of corrections may cause the  
25 inmate to be transferred to the Iowa medical and  
26 classification center, or to another appropriate  
27 facility within the department, for examination,  
28 diagnosis, or treatment. The inmate shall be confined  
29 at that institution center or facility or a state  
30 hospital for persons with mental illness until the  
31 expiration of the inmate's sentence or until the  
32 inmate is pronounced in good mental health. If the  
33 inmate is pronounced in good mental health before the  
34 expiration of the inmate's sentence, the inmate shall  
35 be returned to the state correctional institution  
36 until the expiration of the inmate's sentence.

37 Sec. 67. Section 904.508, subsection 2, Code 2003,  
38 is amended to read as follows:

39 2. The Pursuant to section 904.702, the director  
40 shall establish and maintain an inmate savings fund in  
41 an interest-bearing account for the deposit of all or  
42 part of an inmate's allowances, as provided in section  
43 904.702 and amounts, except amounts directed to be  
44 deposited in the inmate telephone fund established in  
45 section 904.508A, sent to the inmate from a source  
46 other than the department. All or part of an inmate's  
47 allowances and amounts, except amounts directed to be  
48 deposited in the inmate telephone fund established in  
49 section 904.508A, from a source other than the  
50 department shall be deposited into the savings fund,

**S-3406**

**S-3406**

Page 25

1 until the inmate's deposit is equal to ~~the amount due~~  
2 ~~the inmate upon discharge, parole, or placement on~~  
3 ~~work release, one hundred dollars~~ as provided in  
4 section 906.9. If an inmate's deposits are equal this  
5 amount to or in excess of one hundred dollars, the  
6 inmate may voluntarily withdraw from the savings fund.  
7 The director shall notify the inmate of this right to  
8 withdraw and shall provide the inmate with a written  
9 request form to facilitate the withdrawal. If the  
10 inmate withdraws and the inmate's deposits exceed the  
11 amount due as provided in section 906.9, the director  
12 shall disburse the excess amount as provided for  
13 allowances under section 904.702, except the director  
14 shall not deposit the excess amount in the inmate  
15 savings fund. If the inmate chooses to continue to  
16 participate in the savings fund, the inmate's deposits  
17 shall be returned to the inmate upon discharge,  
18 parole, or placement on work release. Otherwise, the  
19 inmate's deposits shall be disposed of as provided in  
20 subsection 3. An inmate's deposits into the savings  
21 fund may be used to provide the money due the inmate  
22 upon discharge, parole, or placement on work release,  
23 as required under section 906.9. Interest earned from  
24 the savings fund shall be placed in a separate  
25 account, and may be used for purchases approved by the  
26 director to directly and collectively benefit inmates.

27 Sec. 68. Section 904.508A, Code 2003, is amended  
28 to read as follows:

29 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.

30 The department is authorized to establish and  
31 maintain an inmate telephone ~~rebate~~ fund ~~in each~~  
32 ~~institution~~ for the deposit of moneys received for  
33 inmate telephone ~~rebates~~ calls. All funds deposited  
34 in this fund shall be used for the benefit of inmates.  
35 The director shall adopt rules providing for the  
36 disbursement of moneys from the fund.

37 Sec. 69. Section 904.513, subsection 1, paragraph  
38 b, subparagraph (4), Code 2003, is amended to read as  
39 follows:

40 (4) Assignment may also be made on the basis of  
41 the offender's treatment program performance, as a  
42 disciplinary measure, for medical needs, and for space  
43 availability at community residential facilities. If  
44 there is insufficient space at a community residential  
45 facility, the court may order an offender to be  
46 released to the supervision of the judicial district  
47 department of correctional services, ~~or~~ held in jail,  
48 or committed to the custody of the director of the  
49 department of corrections for assignment to an  
50 appropriate correctional facility until there is

**S-3406**

**S-3406**

Page 26

1 sufficient space at a community residential facility.  
2 Sec. 70. Section 904.702, unnumbered paragraph 1,  
3 Code 2003, is amended to read as follows:  
4 If allowances are paid pursuant to section 904.701,  
5 the director shall establish an inmate account, for  
6 deposit of those allowances and for deposit of moneys  
7 sent to the inmate from a source other than the  
8 department of corrections. The director may deduct an  
9 amount, not to exceed ten percent of the amount of the  
10 allowance, unless the inmate requests a larger amount,  
11 to be deposited into the inmate savings fund as  
12 required under section 904.508, subsection 2. In  
13 addition to deducting a portion of the allowance, the  
14 director may also deduct from an inmate account any  
15 amount, except amounts directed to be deposited in the  
16 inmate telephone fund established in section 904.508A,  
17 sent to the inmate from a source other than the  
18 department of corrections for deposit in the inmate  
19 savings fund as required under section 904.508,  
20 subsection 2, until the amount in the fund equals the  
21 amount due the inmate upon discharge, parole, or  
22 placement on work release. The director shall deduct  
23 from the inmate account an amount established by the  
24 inmate's restitution plan of payment. The director  
25 shall also deduct from any remaining account balance  
26 an amount sufficient to pay all or part of any  
27 judgment against the inmate, including but not limited  
28 to judgments for taxes and child support, and court  
29 costs and fees assessed either as a result of the  
30 inmate's confinement or amounts required to be paid  
31 under section 610A.1. Written notice of the amount of  
32 the deduction shall be given to the inmate, who shall  
33 have five days after receipt of the notice to submit  
34 in writing any and all objections to the deduction to  
35 the director, who shall consider the objections prior  
36 to transmitting the deducted amount to the clerk of  
37 the district court. The director need give only one  
38 notice for each action or appeal under section 610A.1  
39 for which periodic deductions are to be made. The  
40 director shall next deduct from any remaining account  
41 balance an amount sufficient to pay all or part of any  
42 costs assessed against the inmate for misconduct or  
43 damage to the property of others. The director may  
44 deduct from the inmate's account an amount sufficient  
45 to pay for the inmate's share of the costs of health  
46 services requested by the inmate and for the treatment  
47 of injuries inflicted by the inmate on the inmate or  
48 others. The director may deduct and disburse an  
49 amount sufficient for industries' programs to qualify  
50 under the eligibility requirements established in the

**S-3406**

-26-

**S-3406**

Page 27

1 Justice Assistance Act of 1984, Pub. L. No. 98-473,  
2 including an amount to pay all or part of the cost of  
3 the inmate's incarceration. The director may pay all  
4 or any part of remaining allowances paid pursuant to  
5 section 904.701 directly to a dependent of the inmate,  
6 or may deposit the allowance to the account of the  
7 inmate, or may deposit a portion and allow the inmate  
8 a portion for the inmate's personal use.

9 Sec. 71. Section 907.4, Code 2003, is amended to  
10 read as follows:

11 907.4 DEFERRED JUDGMENT DOCKET.

12 A deferment of judgment under section 907.3 shall  
13 be reported promptly by the clerk of the district  
14 court, or the clerk's designee, to the state court  
15 administrator for entry in the deferred judgment  
16 docket. The docket shall contain a permanent record  
17 of the deferred judgment including the name and date  
18 of birth of the defendant, the district court docket  
19 number, the nature of the offense, and the date of the  
20 deferred judgment. Before granting deferred judgment  
21 in any case, the court shall request of the state  
22 court administrator a search of the deferred judgment  
23 docket and shall consider any prior record of a  
24 deferred judgment against the defendant. The  
25 permanent record provided for in this section is a  
26 confidential record exempted from public access under  
27 section 22.7 and shall be available only to justices  
28 of the supreme court, judges of the court of appeals,  
29 district judges, district associate judges, judicial  
30 magistrates, clerks of the district court, judicial  
31 district departments of correctional services, and  
32 county attorneys requesting information pursuant to  
33 this section, or the designee of a justice, judge,  
34 magistrate, clerk, judicial district department of  
35 correctional services, or county attorney.

36 Sec. 72. Section 907.9, subsections 1, 2, and 4,  
37 Code 2003, are amended to read as follows:

38 1. At any time that the court determines that the  
39 purposes of probation have been fulfilled and the fees  
40 imposed under section 905.14 have been paid ~~to or~~  
41 ~~waived by the judicial district department of~~  
42 ~~correctional services~~ or on condition that unpaid  
43 supervision fees be paid, the court may order the  
44 discharge of a person from probation.

45 2. At any time that a probation officer determines  
46 that the purposes of probation have been fulfilled and  
47 the fees imposed under section 905.14 have been paid  
48 ~~to or waived by the judicial district department of~~  
49 ~~correctional services~~ or on condition that unpaid  
50 supervision fees be paid, the officer may order the

**S-3406**

**S-3406**

Page 28

1 discharge of a person from probation after approval of  
2 the district director and notification of the  
3 sentencing court and the county attorney who  
4 prosecuted the case.

5 4. At the expiration of the period of probation  
6 and if the fees imposed under section 905.14 have been  
7 ~~paid to or waived by the judicial district department~~  
8 ~~of correctional services or on condition that unpaid~~  
9 supervision fees be paid, the court shall order the  
10 discharge of the person from probation, and the court  
11 shall forward to the governor a recommendation for or  
12 against restoration of citizenship rights to that  
13 person. A person who has been discharged from  
14 probation shall no longer be held to answer for the  
15 person's offense. Upon discharge from probation, if  
16 judgment has been deferred under section 907.3, the  
17 court's criminal record with reference to the deferred  
18 judgment shall be expunged. The record maintained by  
19 the state court administrator as required by section  
20 907.4 shall not be expunged. The court's record shall  
21 not be expunged in any other circumstances.

22 Sec. 73. NEW SECTION. 907B.4 INTERSTATE COMPACT  
23 FEE.

24 The department of corrections may assess a fee, not  
25 to exceed one hundred dollars, for an application to  
26 transfer out of the state under the interstate compact  
27 for adult offender supervision. The fee may be waived  
28 by the department. The moneys collected pursuant to  
29 this section shall be deposited into the interstate  
30 compact fund established in section 904.117 and shall  
31 be used to offset the costs of complying with the  
32 interstate compact for adult offender supervision.

33 Sec. 74. Section 910.3B, Code 2003, is amended to  
34 read as follows:

35 910.3B RESTITUTION FOR DEATH OF VICTIM.

36 1. In all criminal cases in which the offender is  
37 convicted of a felony in which the act or acts  
38 committed by the offender caused the death of another  
39 person, in addition to the amount determined to be  
40 payable and ordered to be paid to a victim for  
41 pecuniary damages, as defined under section 910.1, and  
42 determined under section 910.3, the court shall also  
43 order the offender to pay at least one hundred fifty  
44 thousand dollars in restitution to the victim's estate  
45 if the victim died testate. If the victim died  
46 intestate the court shall order the offender to pay  
47 the restitution to the victim's heirs at law as  
48 determined pursuant to section 633.210. The  
49 obligation to pay the additional amount shall not be  
50 dischargeable in any proceeding under the federal

**S-3406**



S-3406

Page 29

1 Bankruptcy Act. Payment of the additional amount  
2 shall have the same priority as payment of a victim's  
3 pecuniary damages under section 910.2, in the  
4 offender's plan for restitution.

5 2. An award under this section does not preclude  
6 or supersede the right of a victim's estate or heirs  
7 at law to bring a civil action against the offender  
8 for damages arising out of the same facts or event.  
9 However, no evidence relating to the entry of the  
10 judgment against the offender pursuant to this section  
11 or the amount of the award ordered pursuant to this  
12 section shall be permitted to be introduced in any  
13 civil action for damages arising out of the same facts  
14 or event.

15 3. An offender who is ordered to pay a victim's  
16 estate or heirs at law under this section is precluded  
17 from denying the elements of the felony offense which  
18 resulted in the order for payment in any subsequent  
19 civil action for damages arising out of the same facts  
20 or event.

21 Sec. 75. Section 915.100, subsection 2, paragraph  
22 c, Code 2003, is amended to read as follows:

23 c. In cases where the act committed by an offender  
24 causes the death of another person, in addition to the  
25 amount ordered for payment of the victim's pecuniary  
26 damages, the court shall also order the offender to  
27 pay at least one hundred fifty thousand dollars in  
28 restitution to the victim's estate or heirs at law,  
29 pursuant to the provisions of section 910.3B.

30 DIVISION VII

31 ECONOMIC DEVELOPMENT APPROPRIATIONS

32 Sec. 76. MARKETING APPROPRIATION.

33 1. There is appropriated from the grow Iowa fund  
34 created in section 15G.107, if enacted by 2003 Iowa  
35 Acts, House File 692 or another Act, to the department  
36 of economic development, for the fiscal period  
37 beginning July 1, 2004, and ending June 30, 2010, the  
38 following amounts, or so much thereof as is necessary,  
39 to be used for the purpose designated:

40 For implementing and administering the marketing  
41 strategy approved under section 15G.108, if enacted by  
42 2003 Iowa Acts, House File 692 or another Act:

43	FY 2004-2005.....	\$ 10,000,000
44	FY 2005-2006.....	\$ 10,000,000
45	FY 2006-2007.....	\$ 5,000,000
46	FY 2007-2008.....	\$ 5,000,000
47	FY 2008-2009.....	\$ 5,000,000
48	FY 2009-2010.....	\$ 2,500,000

49 2. Notwithstanding section 8.33, moneys that  
50 remain unexpended at the end of a fiscal year shall

S-3406

S-3406

Page 30

1 not revert to any fund but shall remain available for  
2 expenditure for the designated purposes during the  
3 succeeding fiscal year.

4 Sec. 77. DEPARTMENT OF ECONOMIC DEVELOPMENT  
5 APPROPRIATION.

6 1. There is appropriated from the grow Iowa fund  
7 created in section 15G.107, if enacted by 2003 Iowa  
8 Acts, House File 692 or another Act, to the department  
9 of economic development for the fiscal period  
10 beginning July 1, 2003, and ending June 30, 2010, the  
11 following amounts, or so much thereof as is necessary,  
12 to be used for the purpose designated:

13 For programs administered by the department of  
14 economic development:

15	FY 2003-2004.....	\$ 41,575,000
16	FY 2004-2005.....	\$ 31,575,000
17	FY 2005-2006.....	\$ 35,000,000
18	FY 2006-2007.....	\$ 32,500,000
19	FY 2007-2008.....	\$ 30,500,000
20	FY 2008-2009.....	\$ 13,500,000
21	FY 2009-2010.....	\$ 13,500,000

22 2. Notwithstanding section 8.33, moneys that  
23 remain unexpended at the end of a fiscal year shall  
24 not revert to any fund but shall remain available for  
25 expenditure for the designated purposes during the  
26 succeeding fiscal year.

27 3. Each year that moneys are appropriated under  
28 this section, the grow Iowa board shall allocate a  
29 percentage of the moneys for each of the following  
30 types of activities:

- 31 a. Business start-ups.
- 32 b. Business expansion.
- 33 c. Business modernization.
- 34 d. Business attraction.
- 35 e. Business retention.
- 36 f. Marketing.

37 4. An applicant for moneys appropriated under this  
38 section shall be required by the department to include  
39 in the application a statement regarding the intended  
40 return on investment. A recipient of moneys  
41 appropriated under this section shall annually submit  
42 a statement to the department regarding the progress  
43 achieved on the intended return on investment stated  
44 in the application. The department, in cooperation  
45 with the department of revenue and finance, shall  
46 develop a method of identifying and tracking each new  
47 job created through financial assistance from moneys  
48 appropriated under this section.

49 5. The department may use moneys appropriated  
50 under this section to procure technical assistance

S-3406

S-3406

Page 31

1 from either the public or private sector, for  
2 information technology purposes, and for rail, air, or  
3 river port transportation-related purposes. The use  
4 of moneys appropriated for rail, air, or river port  
5 transportation-related purposes must be directly  
6 related to an economic development project and the  
7 moneys must be used to leverage other financial  
8 assistance moneys.

9 6. Of the moneys appropriated under this section,  
10 the department may use one-quarter of one percent for  
11 administrative purposes.

12 7. The grow Iowa board is required to approve or  
13 deny applications for financial assistance from moneys  
14 appropriated under this section.

15 Sec. 78. UNIVERSITY AND COLLEGE FINANCIAL  
16 ASSISTANCE APPROPRIATION.

17 1. There is appropriated from the grow Iowa fund  
18 created in section 15G.107, if enacted by 2003 Iowa  
19 Acts, House File 692 or another Act, to the grow Iowa  
20 board for the fiscal period beginning July 1, 2003,  
21 and ending June 30, 2010, the following amounts, or so  
22 much thereof as is necessary, to be used for the  
23 purposes designated:

24 For financial assistance for institutions of higher  
25 learning under the control of the state board of  
26 regents and for accredited private institutions as  
27 defined in section 261.9 for multiuse, goods  
28 manufacturing processes approved by the food and drug  
29 administration of the United States department of  
30 health and human services, protein purification  
31 facilities for plant, animal, and chemical  
32 manufactured proteins; upgrading food and drug  
33 administration drug approval laboratories in Iowa City  
34 to a larger multiclient, goods manufacturing processes  
35 facility; crop and animal livestock facilities for the  
36 growing of transgenic crops and livestock; and  
37 advanced laboratory space:

38	FY 2003-2004.....	\$	5,325,000
39	FY 2004-2005.....	\$	5,325,000
40	FY 2005-2006.....	\$	5,325,000
41	FY 2006-2007.....	\$	5,325,000
42	FY 2007-2008.....	\$	5,325,000
43	FY 2008-2009.....	\$	5,325,000
44	FY 2009-2010.....	\$	5,325,000

45 2. Notwithstanding section 8.33, moneys that  
46 remain unexpended at the end of a fiscal year shall  
47 not revert to any fund but shall remain available for  
48 expenditure for the designated purposes during the  
49 succeeding fiscal year.

50 3. In the distribution of moneys appropriated

S-3406

S-3406

Page 32

1 pursuant to this section, the grow Iowa board shall  
2 examine the potential for using moneys appropriated  
3 pursuant to this section to leverage other moneys for  
4 financial assistance to accredited private  
5 institutions.

6 4. In awarding moneys appropriated pursuant to  
7 this section, the grow Iowa board shall consider  
8 whether the purchase of suitable existing  
9 infrastructure is more cost-efficient than building  
10 new infrastructure.

11 5. An institution of higher learning under the  
12 control of the state board of regents may apply to use  
13 financial assistance moneys under this section for  
14 purposes of a public and private joint venture to  
15 acquire infrastructure assets or research facilities  
16 or to leverage moneys in a manner consistent with  
17 meeting the goals and performance measures provided in  
18 section 15G.106, if enacted by 2003 Iowa Acts, House  
19 File 692 or another Act.

20 Sec. 79. REHABILITATION PROJECT TAX CREDITS  
21 APPROPRIATION.

22 1. There is appropriated from the grow Iowa fund  
23 created in section 15G.107, if enacted by 2003 Iowa  
24 Acts, House File 692 or another Act, to the general  
25 fund of the state, for the fiscal period beginning  
26 July 1, 2003, and ending June 30, 2010, the following  
27 amounts, or so much thereof as is necessary, to be  
28 used for the purpose designated:

29 For payment of tax credits approved pursuant to  
30 section 404A.4 for projects located in certified  
31 cultural and entertainment districts:

32 FY 2003-2004.....	\$	700,000
33 FY 2004-2005.....	\$	700,000
34 FY 2005-2006.....	\$	700,000
35 FY 2006-2007.....	\$	700,000
36 FY 2007-2008.....	\$	700,000
37 FY 2008-2009.....	\$	700,000
38 FY 2009-2010.....	\$	700,000

39 2. Notwithstanding section 8.33, moneys that  
40 remain unexpended at the end of a fiscal year shall  
41 not revert to any fund but shall remain available for  
42 expenditure for the designated purposes during the  
43 succeeding fiscal year.

44 Sec. 80. LOAN AND CREDIT GUARANTEE FUND  
45 APPROPRIATION.

46 1. There is appropriated from the grow Iowa fund  
47 created in section 15G.107, if enacted by 2003 Iowa  
48 Acts, House File 692 or another Act, to the department  
49 of economic development for the fiscal period  
50 beginning July 1, 2003, and ending June 30, 2010, the

S-3406

Page 33

1 following amounts, or so much thereof as is necessary,  
2 to be used for the purpose designated:

3 For deposit in the loan and credit guarantee fund  
4 created in section 15E.227:

5	FY 2003-2004.....	\$	2,500,000
6	FY 2004-2005.....	\$	7,500,000
7	FY 2005-2006.....	\$	8,575,000
8	FY 2006-2007.....	\$	11,075,000
9	FY 2007-2008.....	\$	13,075,000
10	FY 2008-2009.....	\$	35,075,000
11	FY 2009-2010.....	\$	37,575,000

12 2. Notwithstanding section 8.33, moneys that  
13 remain unexpended at the end of a fiscal year shall  
14 not revert to any fund but shall remain available for  
15 expenditure for the designated purpose during the  
16 succeeding fiscal year.

17 Sec. 81. ENDOW IOWA TAX CREDITS.

18 1. There is appropriated from the grow Iowa fund  
19 created in section 15G.107, if enacted by 2003 Iowa  
20 Acts, House File 692 or another Act, to the general  
21 fund of the state, for the fiscal period beginning  
22 July 1, 2003, and ending June 30, 2010, the following  
23 amounts, or so much thereof as is necessary, to be  
24 used for the purpose designated:

25 For payment of endow Iowa tax credits authorized  
26 pursuant to section 15E.305:

27	FY 2003-2004.....	\$	200,000
28	FY 2004-2005.....	\$	200,000
29	FY 2005-2006.....	\$	200,000
30	FY 2006-2007.....	\$	200,000
31	FY 2007-2008.....	\$	200,000
32	FY 2008-2009.....	\$	200,000
33	FY 2009-2010.....	\$	200,000

34 2. Notwithstanding section 8.33, moneys that  
35 remain unexpended at the end of a fiscal year shall  
36 not revert to any fund but shall remain available for  
37 expenditure for the designated purposes during the  
38 succeeding fiscal year.

39 Sec. 82. ENDOW IOWA GRANTS APPROPRIATION.

40 1. There is appropriated from the grow Iowa fund  
41 created in section 15G.107, if enacted by 2003 Iowa  
42 Acts, House File 692 or another Act, to the department  
43 of economic development for the fiscal period  
44 beginning July 1, 2003, and ending June 30, 2010, the  
45 following amounts, or so much thereof as is necessary,  
46 to be used for the purpose designated:

47 For endow Iowa grants to lead philanthropic  
48 entities pursuant to section 15E.304:

49	FY 2003-2004.....	\$	200,000
50	FY 2004-2005.....	\$	200,000

S-3406

S-3406

Page 34

1	FY 2005-2006.....	\$	200,000
2	FY 2006-2007.....	\$	200,000
3	FY 2007-2008.....	\$	200,000
4	FY 2008-2009.....	\$	200,000
5	FY 2009-2010.....	\$	200,000

6 2. Notwithstanding section 8.33, moneys that  
7 remain unexpended at the end of a fiscal year shall  
8 not revert to any fund but shall remain available for  
9 expenditure for the designated purposes during the  
10 succeeding fiscal year.

11 Sec. 83. ANTICIPATED FEDERAL MONEYS --  
12 APPROPRIATION.

13 1. There is appropriated from the fund created by  
14 section 8.41, for the fiscal period beginning July 1,  
15 2003, and ending June 30, 2005, the following amounts  
16 to be used for the purpose designated:

17 For deposit in the grow Iowa fund created in  
18 section 15G.107, if enacted by 2003 Iowa Acts, House  
19 File 692 or another Act:

20	FY 2003-2004.....	\$	59,000,000
21	FY 2004-2005.....	\$	41,000,000

22 2. Moneys appropriated in this section are moneys  
23 anticipated to be received from the federal government  
24 for state and local government fiscal relief under the  
25 federal Jobs and Growth Tax Relief Reconciliation Act  
26 of 2003 and shall be expended as provided in the  
27 federal law making the moneys available and in  
28 conformance with chapter 17A.

29 3. Notwithstanding section 8.33, moneys that  
30 remain unexpended at the end of a fiscal year shall  
31 not revert to any fund but shall remain available for  
32 expenditure for the designated purposes during the  
33 succeeding fiscal year.

34 Sec. 84. STREAMLINED SALES AND USE TAX REVENUE --  
35 APPROPRIATION.

36 1. There is appropriated from the general fund of  
37 the state from moneys credited to the general fund of  
38 the state as a result of entering into the streamlined  
39 sales and use tax agreement, for the fiscal period  
40 beginning July 1, 2003, and ending June 30, 2010, the  
41 following amounts to be used for the purpose  
42 designated:

43 For deposit in the grow Iowa fund created in  
44 section 15G.107, if enacted by 2003 Iowa Acts, House  
45 File 692 or another Act:

46	FY 2003-2004.....	\$	5,000,000
47	FY 2004-2005.....	\$	23,000,000
48	FY 2005-2006.....	\$	75,000,000
49	FY 2006-2007.....	\$	75,000,000
50	FY 2007-2008.....	\$	75,000,000

S-3406

Page 35

1 FY 2008-2009..... \$ 75,000,000

2 FY 2009-2010..... \$ 75,000,000

3 2. For purposes of this section, "moneys credited  
4 to the general fund of the state as a result of  
5 entering into the streamlined sales and use tax  
6 agreement" means the amount of sales and use tax  
7 receipts credited to the general fund of the state  
8 during a fiscal year that exceeds by two percent or  
9 more the total sales and use tax receipts credited to  
10 the general fund of the state during the previous  
11 fiscal year.

12 3. If the moneys credited to the general fund of  
13 the state as a result of entering into the streamlined  
14 sales and use tax agreement during a fiscal year total  
15 less than the amount appropriated in this section, the  
16 appropriation in this section shall be reduced to  
17 equal the total amount of the moneys so credited.

18 4. Notwithstanding section 8.33, moneys that  
19 remain unexpended at the end of a fiscal year shall  
20 not revert to any fund but shall remain available for  
21 expenditure for the designated purposes during the  
22 succeeding fiscal year.

23 DIVISION VIII

24 WORKFORCE-RELATED ISSUES

25 Sec. 85. NEW SECTION. 260C.18A WORKFORCE  
26 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

27 1. a. A workforce training and economic  
28 development fund is created for each community  
29 college. Moneys shall be deposited and expended from  
30 a fund as provided under this section.

31 b. Moneys in the funds shall consist of any moneys  
32 appropriated by the general assembly and any other  
33 moneys available to and obtained or accepted by the  
34 department of economic development from federal  
35 sources or private sources for placement in the funds.  
36 Notwithstanding section 8.33, moneys in the funds at  
37 the end of each fiscal year shall not revert to any  
38 other fund but shall remain in the funds for  
39 expenditure in subsequent fiscal years.

40 2. On July 1 of each year for the fiscal year  
41 beginning July 1, 2003, and for every fiscal year  
42 thereafter, moneys from the grow Iowa fund created in  
43 section 15G.107, if enacted by 2003 Iowa Acts, House  
44 File 692 or another Act, are appropriated to the  
45 department of economic development for deposit in the  
46 workforce training and economic development funds in  
47 amounts determined pursuant to subsection 3. Moneys  
48 deposited in the funds and disbursed to community  
49 colleges for a fiscal year shall be expended for the  
50 following purposes:

**S-3406**

Page 36

1 a. Projects in which an agreement between a  
2 community college and an employer located within the  
3 community college's merged area meet all of the  
4 requirements of the accelerated career education  
5 program under chapter 260G. However, moneys used by  
6 the community colleges from the workforce training and  
7 economic development fund for these projects shall be  
8 in lieu of the program job credits provided under  
9 chapter 260G. Projects using moneys from the  
10 workforce training and economic development fund under  
11 this paragraph shall be in accordance with rules  
12 adopted by the department of economic development  
13 under chapter 260G.

14 b. Projects in which an agreement between a  
15 community college and a business meet all the  
16 requirements of the Iowa jobs training Act under  
17 chapter 260F. However, when moneys are provided  
18 through the grow Iowa fund for such projects, section  
19 260F.6, subsections 1 and 2, and section 260F.8 shall  
20 not apply. Projects using moneys from the workforce  
21 training and economic development fund under this  
22 paragraph shall be in accordance with rules adopted by  
23 the department of economic development under chapter  
24 260F.

25 c. For the development and implementation of  
26 career academies designed to provide new career  
27 preparation opportunities for high school students  
28 that are formally linked with postsecondary career and  
29 technical education programs. Moneys from workforce  
30 training and economic development funds that are  
31 expended for purposes of this paragraph shall be in  
32 accordance with the plan submitted to the department  
33 of economic development and the grow Iowa board under  
34 subsection 5. For purposes of this section, "career  
35 academy" means a program of study that combines a  
36 minimum of two years of secondary education with an  
37 associate degree, or the equivalent, career  
38 preparatory program in a nonduplicative, sequential  
39 course of study that is standards based, integrates  
40 academic and technical instruction, utilizes work-  
41 based and worksite learning where appropriate and  
42 available, utilizes an individual career planning  
43 process with parent involvement, and leads to an  
44 associate degree or postsecondary diploma or  
45 certificate in a career field that prepares an  
46 individual for entry and advancement in a high-skill  
47 and reward career field and further education. The  
48 state board of education, in conjunction with the  
49 division of community colleges and workforce  
50 preparation of the department of education, and in

**S-3406**

-36-



**S-3406**

Page 37

1 consultation with the department of economic  
2 development, shall adopt administrative rules for the  
3 development and implementation of such career  
4 academies pursuant to section 256.11, subsection 5,  
5 paragraph "h", section 260C.1, and Title II of Pub. L.  
6 No. 105-332, Carl D. Perkins Vocational and Technical  
7 Education Act of 1998.

8 d. Programs and courses that provide vocational  
9 and technical training, and programs for in-service  
10 training and retraining under section 260C.1,  
11 subsections 2 and 3.

12 3. Moneys from the workforce training and economic  
13 development fund that are expended for purposes of  
14 this subsection shall be in accordance with the plan  
15 submitted to the department of economic development  
16 and the grow Iowa board under subsection 5. The  
17 maximum cumulative total amount of moneys that may be  
18 deposited in all the workforce training and economic  
19 development funds for distribution to community  
20 colleges in a fiscal year shall be determined as  
21 follows:

22 a. Six million dollars for the fiscal year  
23 beginning July 1, 2003.

24 b. Eleven million dollars for the fiscal year  
25 beginning July 1, 2004.

26 c. Twenty million dollars for the fiscal year  
27 beginning July 1, 2005.

28 d. Twenty million dollars for the fiscal year  
29 beginning July 1, 2006.

30 e. Twenty million dollars for the fiscal year  
31 beginning July 1, 2007.

32 f. Fifteen million dollars for the fiscal year  
33 beginning July 1, 2008.

34 g. Fifteen million dollars for the fiscal year  
35 beginning July 1, 2009.

36 4. The department of economic development shall  
37 allocate the moneys appropriated pursuant to this  
38 section to the community college workforce training  
39 and economic development funds utilizing the same  
40 distribution formula used for the allocation of state  
41 general aid to the community colleges.

42 5. Each community college shall do all of the  
43 following:

44 a. Adopt a two-year workforce training and  
45 economic development fund plan outlining the community  
46 college's proposed use of moneys appropriated under  
47 subsection 2.

48 b. Update the two-year plan annually.

49 c. Prepare an annual progress report on the two-  
50 year plan's implementation.

**S-3406**

-37-

**S-3406**

Page 38

1 d. Annually submit the two-year plan and progress  
2 report to the department of economic development in a  
3 manner prescribed by rules adopted by the department  
4 pursuant to chapter 17A and annually file a copy of  
5 the plan and progress report with the grow Iowa board.

6 6. Any individual project using over one million  
7 dollars of moneys from a workforce training and  
8 economic development fund shall require prior approval  
9 from the grow Iowa board.

10 Sec. 86. NEW SECTION. 260F.9 JOB RETENTION  
11 PROGRAM AND FUND.

12 1. A job retention fund is created in the state  
13 treasury under the control of the department of  
14 economic development to encourage the retention of  
15 existing jobs and income that would otherwise be lost  
16 and encourage large businesses to remain in the state.  
17 Moneys shall be deposited and expended from the fund  
18 as provided in this section.

19 2. There is appropriated from the grow Iowa fund  
20 created in section 15G.107, if enacted by 2003 Iowa  
21 Acts, House File 692 or another Act, to the department  
22 of economic development for the fiscal period  
23 beginning July 1, 2003, and ending June 30, 2006, the  
24 following amounts to be used for funding of job  
25 retention programs and agreements authorized by the  
26 department and participating community colleges as  
27 provided in this section:

28 a. One million dollars for the fiscal year  
29 beginning July 1, 2003.

30 b. One million dollars for the fiscal year  
31 beginning July 1, 2004.

32 c. One million dollars for the fiscal year  
33 beginning July 1, 2005.

34 3. Notwithstanding section 8.33, moneys that  
35 remain unexpended at the end of a fiscal year shall  
36 not revert to any fund but shall remain available for  
37 expenditure for the designated purposes during the  
38 succeeding fiscal year.

39 4. The department of economic development shall  
40 administer the allocation of moneys in the job  
41 retention fund and shall administer the job retention  
42 program. The department shall adopt rules pursuant to  
43 chapter 17A necessary for the administration of this  
44 section. By January 15 of each year, the department  
45 shall submit a written report to the general assembly  
46 and the governor regarding the activities of the job  
47 retention program during the previous calendar year.

48 5. A community college and the department may  
49 enter into an agreement to establish a job retention  
50 project. A job retention project agreement shall

**S-3406**

-38-

**S-3406**

Page 39

1 include, but not be limited to, the following:

2 a. The date of the agreement.

3 b. The anticipated number of employees to be  
4 trained.

5 c. The estimated cost of training.

6 d. A statement regarding the number of employees  
7 employed by the participating business on the date of  
8 the agreement which must equal at least the lesser of  
9 one thousand employees or four percent or more of the  
10 county's resident labor force based on the most recent  
11 annual labor force statistics from the department of  
12 workforce development.

13 e. A commitment that the participating business  
14 shall invest at least fifteen million dollars to  
15 retool the workplace and upgrade the facilities of the  
16 participating business.

17 f. A commitment that the participating business  
18 shall not move the business operation out of this  
19 state or close the business operation for at least ten  
20 years following the date of the agreement.

21 g. Other criteria established by the department of  
22 economic development.

23 6. A job retention project agreement entered into  
24 pursuant to this section must be approved by the board  
25 of trustees of the applicable community college, the  
26 department of economic development, and the  
27 participating business.

28 Sec. 87. NEW SECTION. 260F.101 REPORTING.

29 A community college entering into an agreement  
30 pursuant to this chapter shall submit an annual  
31 written report by the end of each calendar year with  
32 the grow Iowa board created in section 15G.102, if  
33 enacted by 2003 Iowa Acts, House File 692 or another  
34 Act. The report shall provide information regarding  
35 how the agreement affects the achievement of the goals  
36 and performance measures provided in section 15G.106,  
37 if enacted by 2003 Iowa Acts, House File 692 or  
38 another Act.

39 Sec. 88. Section 260G.3, subsection 2, Code 2003,  
40 is amended to read as follows:

41 2. An agreement may include reasonable and  
42 necessary provisions to implement the accelerated  
43 career education program. If an agreement that  
44 utilizes program job credits is entered into, the  
45 community college and the employer shall notify the  
46 department of revenue and finance as soon as possible.  
47 The community college shall also file a copy of the  
48 agreement with the department of economic development  
49 as required in section 260G.4B. The agreement shall  
50 provide for program costs, including deferred costs,

**S-3406**

**S-3406**

Page 40

1 which may be paid from any of the following sources:

2 a. Program job credits which the employer receives  
3 based on the number of program job positions agreed to  
4 by the employer to be available under the agreement.

5 b. Cash or in-kind contributions by the employer  
6 toward the program cost. At a minimum, the employer  
7 contribution shall be twenty percent of the program  
8 costs.

9 c. Tuition, student fees, or special charges fixed  
10 by the board of directors to defray program costs.

11 d. Guarantee by the employer of payments to be  
12 received under paragraphs "a" and "b".

13 e. Moneys from a workforce training and economic  
14 development fund created in section 260C.18A, based on  
15 the number of program job positions agreed to by the  
16 employer to be available under the agreement, the  
17 amount of which shall be calculated in the same manner  
18 as the program job credits provided for in section  
19 260G.4A.

20 Sec. 89. NEW SECTION. 260G.101 REPORTING.

21 A community college entering into an agreement  
22 pursuant to this chapter shall submit an annual  
23 written report by the end of each calendar year with  
24 the grow Iowa board created in section 15G.102, if  
25 enacted by 2003 Iowa Acts, House File 692 or another  
26 Act. The report shall provide information regarding  
27 how the agreement affects the achievement of the goals  
28 and performance measures provided in section 15G.106,  
29 if enacted by 2003 Iowa Acts, House File 692 or  
30 another Act.

#### 31 DIVISION IX

#### 32 LOAN AND CREDIT GUARANTEE FUND

33 Sec. 90. NEW SECTION. 15E.227 LOAN AND CREDIT  
34 GUARANTEE FUND.

35 1. A loan and credit guarantee fund is created and  
36 established as a separate and distinct fund in the  
37 state treasury. Moneys in the fund shall only be used  
38 for purposes provided in this section. The moneys in  
39 the fund are appropriated to the department to be used  
40 for all of the following purposes:

41 a. Payment of claims pursuant to loan and credit  
42 guarantee agreements entered into under this division.

43 b. Payment of administrative costs of the  
44 department for actual and necessary administrative  
45 expenses incurred by the department in administering  
46 the program.

47 c. Purchase or buyout of superior or prior liens,  
48 mortgages, or security interests.

49 2. Moneys in the loan and credit guarantee fund  
50 shall consist of all of the following:

**S-3406**

-40-

**S-3406**

Page 41

1 a. Moneys appropriated by the general assembly for  
2 that purpose and any other moneys available to and  
3 obtained or accepted by the department for placement  
4 in the fund.

5 b. Proceeds from collateral assigned to the  
6 department, fees for guarantees, gifts, and moneys  
7 from any grant made to the fund by any federal agency.

8 c. Moneys appropriated from the grow Iowa fund  
9 created in section 15G.107, if enacted by 2003 Iowa  
10 Acts, House File 692 or another Act.

11 3. Moneys in the fund are not subject to section  
12 8.33. Notwithstanding section 12C.7, interest or  
13 earnings on the moneys in the fund shall be credited  
14 to the fund.

15 4. a. The department shall only pledge moneys in  
16 the loan and credit guarantee fund and not any other  
17 moneys of the department. The department may pledge  
18 an amount not to exceed a total of any of the  
19 following amounts of moneys in the fund to assure the  
20 repayment of loan and credit guarantees or other  
21 extensions of credit made to or on behalf of qualified  
22 businesses or targeted industry businesses for  
23 eligible project costs.

24 (1) Two million five hundred thousand dollars for  
25 the fiscal year beginning July 1, 2003.

26 (2) Seven million five hundred thousand dollars  
27 for the fiscal year beginning July 1, 2004.

28 (3) Eight million five hundred seventy-five  
29 thousand dollars for the fiscal year beginning July 1,  
30 2005.

31 (4) Eleven million seventy-five thousand dollars  
32 for the fiscal year beginning July 1, 2006.

33 (5) Thirteen million seventy-five thousand dollars  
34 for the fiscal year beginning July 1, 2007.

35 (6) Thirty-five million seventy-five thousand  
36 dollars for the fiscal year beginning July 1, 2008.

37 (7) Thirty-seven million five hundred seventy-five  
38 thousand dollars for the fiscal year beginning July 1,  
39 2009.

40 b. The department shall not pledge the credit or  
41 taxing power of this state or any political  
42 subdivision of this state or make debts payable out of  
43 any moneys except for those in the loan and credit  
44 guarantee fund.

## DIVISION X

## UNIVERSITY-BASED RESEARCH UTILIZATION

## PROGRAM APPROPRIATION

48 Sec. 91. NEW SECTION. 262B.12 APPROPRIATION.

49 On July 1 of each year there is appropriated from  
50 the general fund of the state to each university under

**S-3406**

**S-3406**

Page 42

1 the control of the state board of regents, an amount  
2 equal to the amount determined by the department of  
3 economic development pursuant to section 262B.11,  
4 subsection 4, paragraph "c", subparagraph (2), if  
5 enacted by 2003 Iowa Acts, House File 692 or another  
6 Act.

## DIVISION XI

## ENDOW IOWA TAX CREDIT

9 Sec. 92. NEW SECTION. 15E.305 ENDOW IOWA TAX  
10 CREDIT.

11 1. For tax years beginning on or after January 1,  
12 2003, a tax credit shall be allowed against the taxes  
13 imposed in chapter 422, divisions II, III, and V, and  
14 in chapter 432, and against the moneys and credits tax  
15 imposed in section 533.24 equal to twenty percent of a  
16 taxpayer's endowment gift to a qualified community  
17 foundation. An individual may claim a tax credit  
18 under this section of a partnership, limited liability  
19 company, S corporation, estate, or trust electing to  
20 have income taxed directly to the individual. The  
21 amount claimed by the individual shall be based upon  
22 the pro rata share of the individual's earnings from  
23 the partnership, limited liability company, S  
24 corporation, estate, or trust. A tax credit shall be  
25 allowed only for an endowment gift made to a qualified  
26 community foundation for a permanent endowment fund  
27 established to benefit a charitable cause in this  
28 state. Any tax credit in excess of the taxpayer's tax  
29 liability for the tax year may be credited to the tax  
30 liability for the following five years or until  
31 depleted, whichever occurs first. A tax credit shall  
32 not be carried back to a tax year prior to the tax  
33 year in which the taxpayer claims the tax credit.

34 2. The aggregate amount of tax credits authorized  
35 pursuant to this section shall not exceed a total of  
36 two million dollars. The maximum amount of tax  
37 credits granted to a taxpayer shall not exceed five  
38 percent of the aggregate amount of tax credits  
39 authorized.

40 3. A tax credit shall not be transferable to any  
41 other taxpayer.

42 4. A tax credit shall not be authorized pursuant  
43 to this section after December 31, 2005.

44 5. The department shall develop a system for  
45 registration and authorization of tax credits under  
46 this section and shall control the distribution of all  
47 tax credits to taxpayers providing an endowment gift  
48 subject to this section. The department shall adopt  
49 administrative rules pursuant to chapter 17A for the  
50 qualification and administration of endowment gifts.

**S-3406**

-42-

**S-3406**

Page 43

1 Sec. 93. NEW SECTION. 422.11H ENDOW IOWA TAX  
2 CREDIT.

3 The tax imposed under this division, less the  
4 credits allowed under sections 422.12 and 422.12B,  
5 shall be reduced by an endow Iowa tax credit  
6 authorized pursuant to section 15E.305.

7 Sec. 94. Section 422.33, Code 2003, is amended by  
8 adding the following new subsection:

9 NEW SUBSECTION. 14. The taxes imposed under this  
10 division shall be reduced by an endow Iowa tax credit  
11 authorized pursuant to section 15E.305.

12 Sec. 95. Section 422.60, Code 2003, is amended by  
13 adding the following new subsection:

14 NEW SUBSECTION. 7. The taxes imposed under this  
15 division shall be reduced by an endow Iowa tax credit  
16 authorized pursuant to section 15E.305.

17 Sec. 96. NEW SECTION. 432.12D ENDOW IOWA TAX  
18 CREDIT.

19 The tax imposed under this chapter shall be reduced  
20 by an endow Iowa tax credit authorized pursuant to  
21 section 15E.305.

22 Sec. 97. Section 533.24, Code 2003, is amended by  
23 adding the following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
25 tax imposed under this section shall be reduced by an  
26 endow Iowa tax credit authorized pursuant to section  
27 15E.305.

28 Sec. 98. EFFECTIVE AND RETROACTIVE APPLICABILITY  
29 DATES. This division of this Act, being deemed of  
30 immediate importance, takes effect upon enactment and  
31 is retroactively applicable to January 1, 2003, for  
32 tax years beginning on or after that date.

33 DIVISION XII

34 REHABILITATION PROJECT TAX CREDITS

35 Sec. 99. Section 404A.4, subsection 4, Code 2003,  
36 is amended to read as follows:

37 4. The total amount of tax credits that may be  
38 approved for a fiscal year under this chapter shall  
39 not exceed two million four hundred thousand dollars.  
40 For the fiscal years beginning July 1, 2003, and July  
41 1, 2004, an additional two million dollars of tax  
42 credits may be approved each fiscal year for purposes  
43 of projects located in cultural and entertainment  
44 districts certified pursuant to section 303.3B, if  
45 enacted by 2003 Iowa Acts, House File 692 or another  
46 Act. Any of the additional tax credits allocated for  
47 projects located in certified cultural and  
48 entertainment districts that are not approved during a  
49 fiscal year may be carried over to the succeeding  
50 fiscal year. Tax credit certificates shall be issued

**S-3406**

-43-

**S-3406**

Page 44

1 on the basis of the earliest awarding of  
2 certifications of completion as provided in subsection  
3 1. The departments of economic development and  
4 revenue and finance shall each adopt rules to jointly  
5 administer this subsection and shall provide by rule  
6 for the method to be used to determine for which  
7 fiscal year the tax credits are approved.

8 DIVISION XIII

9 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND

10 Sec. 100. Section 8.57, subsection 5, Code 2003,  
11 is amended by adding the following new paragraph:  
12 NEW PARAGRAPH. f. There is appropriated from the  
13 rebuild Iowa infrastructure fund to the state  
14 assistance for educational infrastructure fund created  
15 in 2003 Iowa Acts, House File 692 or another Act, for  
16 each fiscal year of the fiscal period beginning July  
17 1, 2004, and ending June 30, 2014, the amount of the  
18 moneys in excess of the first forty-seven million  
19 dollars credited to the rebuild Iowa infrastructure  
20 fund during the fiscal year, not to exceed ten million  
21 dollars.

22 Sec. 101. NEW SECTION. 292A.3A APPROPRIATION.

23 There is appropriated from the general fund of the  
24 state from moneys credited to the general fund of the  
25 state as a result of the state entering into the  
26 streamlined sales and use tax agreement to the state  
27 assistance for educational infrastructure fund created  
28 in 2003 Iowa Acts, House File 692 or another Act, the  
29 sum of five million dollars for each fiscal year of  
30 the fiscal period beginning July 1, 2004, and ending  
31 June 30, 2014. The appropriation in this section  
32 shall be made after the appropriation from the same  
33 source to the grow Iowa fund created in 2003 Iowa  
34 Acts, House File 692 or another Act. For purposes of  
35 this section, "moneys credited to the general fund of  
36 the state as a result of entering into the streamlined  
37 sales and use tax agreement" means the amount of sales  
38 and use tax receipts credited to the general fund of  
39 the state during a fiscal year that exceeds by two  
40 percent or more the total sales and use tax receipts  
41 credited to the general fund of the state during the  
42 previous fiscal year.

43 DIVISION XIV

44 REPEALS

45 Sec. 102. The divisions of this Act designated  
46 economic development appropriations, workforce-related  
47 issues, loan and credit guarantee fund, university-  
48 based research utilization program appropriation,  
49 endow Iowa tax credit, and rehabilitation project tax  
50 credits are repealed effective June 30, 2010.

**S-3406**

-44-



**S-3406**

Page 45

1 DIVISION XV  
2 STREAMLINED SALES AND USE TAXES  
3 SUBCHAPTER I  
4 DEFINITIONS

5 Sec. 103. NEW SECTION. 423.1 DEFINITIONS.

6 As used in this chapter the following words, terms,  
7 and phrases have the meanings ascribed to them by this  
8 section, except where the context clearly indicates  
9 that a different meaning is intended:

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

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

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

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

27 5. "Certificate of title" means a certificate of  
28 title issued for a vehicle or for manufactured housing  
29 under chapter 321.

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

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

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

44 9. "Computer software" means a set of coded  
45 instructions designed to cause a computer or automatic  
46 data processing equipment to perform a task.

47 10. "Delivered electronically" means delivered to  
48 the purchaser by means other than tangible storage  
49 media.

50 11. "Delivery charges" means charges assessed by a

**S-3406**

**S-3406**

Page 46

1 seller of personal property or services for  
2 preparation and delivery to a location designated by  
3 the purchaser of personal property or services  
4 including, but not limited to, transportation,  
5 shipping, postage, handling, crating, and packing  
6 charges.

7 12. "Department" means the department of revenue  
8 and finance.

9 13. "Direct mail" means printed material delivered  
10 or distributed by United States mail or other delivery  
11 service to a mass audience or to addressees on a  
12 mailing list provided by the purchaser or at the  
13 direction of the purchaser when the cost of the items  
14 is not billed directly to the recipients. "Direct  
15 mail" includes tangible personal property supplied  
16 directly or indirectly by the purchaser to the direct  
17 mail seller for inclusion in the package containing  
18 the printed material. "Direct mail" does not include  
19 multiple items of printed material delivered to a  
20 single address.

21 14. "Director" means the director of revenue and  
22 finance.

23 15. "Electronic" means relating to technology  
24 having electrical, digital, magnetic, wireless,  
25 optical, electromagnetic, or similar capabilities.

26 16. "Farm deer" means the same as defined in  
27 section 189A.2.

28 17. "Farm machinery and equipment" means machinery  
29 and equipment used in agricultural production.

30 18. "First use of a service". A "first use of a  
31 service" occurs, for the purposes of this chapter,  
32 when a service is rendered, furnished, or performed in  
33 Iowa or if rendered, furnished, or performed outside  
34 of Iowa, when the product or result of the service is  
35 used in Iowa.

36 19. "Goods, wares, or merchandise" means the same  
37 as tangible personal property.

38 20. "Governing board" means the group comprised of  
39 representatives of the member states of the agreement  
40 which is created by the agreement to be responsible  
41 for the agreement's administration and operation.

42 21. "Installed purchase price" is the amount  
43 charged, valued in money whether paid in money or  
44 otherwise, by a building contractor to convert  
45 manufactured housing from tangible personal property  
46 into realty. "Installed purchase price" includes, but  
47 is not limited to, amounts charged for installing a  
48 foundation and electrical and plumbing hookups.

49 "Installed purchase price" excludes any amount charged  
50 for landscaping in connection with the conversion.

**S-3406**

-46-

**S-3406**

Page 47

- 1 22. "Lease or rental".
- 2 a. "Lease or rental" means any transfer of
- 3 possession or control of tangible personal property
- 4 for a fixed or indeterminate term for consideration.
- 5 A "lease or rental" may include future options to
- 6 purchase or extend.
- 7 b. "Lease or rental" includes agreements covering
- 8 motor vehicles and trailers when the amount of
- 9 consideration may be increased or decreased by
- 10 reference to the amount realized upon sale or
- 11 disposition of the property as defined in 26 U.S.C. §
- 12 7701(h)(1).
- 13 c. "Lease or rental" does not include any of the
- 14 following:
- 15 (1) A transfer of possession or control of
- 16 property under a security agreement or deferred
- 17 payment plan that requires the transfer of title upon
- 18 completion of the required payments.
- 19 (2) A transfer of possession or control of
- 20 property under an agreement that requires the transfer
- 21 of title upon completion of required payments, and
- 22 payment of any option price does not exceed the
- 23 greater of one hundred dollars or one percent of the
- 24 total required payments.
- 25 (3) Providing tangible personal property along
- 26 with an operator for a fixed or indeterminate period
- 27 of time. A condition of this exclusion is that the
- 28 operator is necessary for the equipment to perform as
- 29 designed. For the purpose of this subparagraph, an
- 30 operator must do more than maintain, inspect, or set
- 31 up the tangible personal property.
- 32 d. This definition shall be used for sales and use
- 33 tax purposes regardless of whether a transaction is
- 34 characterized as a lease or rental under generally
- 35 accepted accounting principles, the Internal Revenue
- 36 Code, the Uniform Commercial Code, or other provisions
- 37 of federal, state, or local law.
- 38 23. "Livestock" includes but is not limited to an
- 39 animal classified as an ostrich, rhea, emu, bison, or
- 40 farm deer.
- 41 24. "Manufactured housing" means "manufactured
- 42 home" as defined in section 321.1.
- 43 25. "Member state" is any state which has signed
- 44 the agreement.
- 45 26. "Mobile home" means "manufactured or mobile
- 46 home" as defined in section 321.1.
- 47 27. "Model 1 seller" is a seller that has selected
- 48 a certified service provider as its agent to perform
- 49 all the seller's sales and use tax functions, other
- 50 than the seller's obligation to remit tax on its own

**S-3406**

**S-3406**

Page 48

1 purchases.

2 28. "Model 2 seller" is a seller that has selected  
3 a certified automated system to perform part of its  
4 sales and use tax functions, but retains  
5 responsibility for remitting the tax.

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

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

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

24 32. "Person" means an individual, trust, estate,  
25 fiduciary, partnership, limited liability company,  
26 limited liability partnership, corporation, or any  
27 other legal entity.

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

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

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

**S-3406**

**S-3406**

Page 49

1 and developed by the author or other creator to the  
2 specifications of a specific purchaser.

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

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

24 a. The provider and user of the service intend  
25 that a sale of the property will occur.

26 b. The property is transferred to the user of the  
27 service in connection with the performance of the  
28 service in a form or quantity capable of a fixed or  
29 definite price value.

30 c. The sale is evidenced by a separate charge for  
31 the identifiable piece of property.

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

35 37. "Purchase price" means the same as "sales  
36 price" as defined in this section.

37 38. "Purchaser" is a person to whom a sale of  
38 personal property is made or to whom a service is  
39 furnished.

40 39. "Receive" and "receipt" mean any of the  
41 following:

42 a. Taking possession of tangible personal  
43 property.

44 b. Making first use of a service.

45 c. Taking possession or making first use of  
46 digital goods, whichever comes first.

47 "Receive" and "receipt" do not include possession  
48 by a shipping company on behalf of a purchaser.

49 40. "Registered under the agreement" means  
50 registration by a seller under the central

**S-3406**

**S-3406**

Page 50

1 registration system referenced in section 423.11,  
2 subsection 4.

3 41. "Relief agency" means the state, any county,  
4 city and county, city, or district thereof, or any  
5 agency engaged in actual relief work.

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

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

40 44. "Retailers who are not model sellers" means  
41 all retailers other than model 1, model 2, or model 3  
42 sellers.

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

46 46. "Sales" or "sale" means any transfer,  
47 exchange, or barter, conditional or otherwise, in any  
48 manner or by any means whatsoever, for consideration.

49 47. "Sales price" applies to the measure subject  
50 to sales tax.

**S-3406**

-50-

**S-3406**

Page 51

- 1 a. "Sales price" means the total amount of  
2 consideration, including cash, credit, property, and  
3 services, for which personal property or services are  
4 sold, leased, or rented, valued in money, whether  
5 received in money or otherwise, without any deduction  
6 for any of the following:
- 7 (1) The seller's cost of the property sold.
  - 8 (2) The cost of materials used, labor or service  
9 cost, interest, losses, all costs of transportation to  
10 the seller, all taxes imposed on the seller, and any  
11 other expenses of the seller.
  - 12 (3) Charges by the seller for any services  
13 necessary to complete the sale, other than delivery  
14 and installation charges.
  - 15 (4) Delivery charges.
  - 16 (5) Installation charges.
  - 17 (6) The value of exempt personal property given to  
18 the purchaser where taxable and exempt personal  
19 property have been bundled together and sold by the  
20 seller as a single product or piece of merchandise.
  - 21 (7) Credit for any trade-in authorized by section  
22 423.3, subsection 58.
- 23 b. "Sales price" does not include:
- 24 (1) Discounts, including cash, term, or coupons  
25 that are not reimbursed by a third party that are  
26 allowed by a seller and taken by a purchaser on a  
27 sale.
  - 28 (2) Interest, financing, and carrying charges from  
29 credit extended on the sale of personal property or  
30 services, if the amount is separately stated on the  
31 invoice, bill of sale, or similar document given to  
32 the purchaser.
  - 33 (3) Any taxes legally imposed directly on the  
34 consumer that are separately stated on the invoice,  
35 bill of sale, or similar document given to the  
36 purchaser.
  - 37 (4) The amounts received for charges included in  
38 paragraph "a", subparagraphs (3) through (7), if they  
39 are separately contracted for and separately stated on  
40 the invoice, billing, or similar document given to the  
41 purchaser.
- 42 48. "Sales tax" means the tax levied under  
43 subchapter II of this chapter.
- 44 49. "Seller" means any person making sales,  
45 leases, or rentals of personal property or services.
- 46 50. "Services" means all acts or services  
47 rendered, furnished, or performed, other than services  
48 used in processing of tangible personal property for  
49 use in retail sales or services, for an employer, as  
50 defined in section 422.4, subsection 3, for a valuable

**S-3406**

-51-

**S-3406**

Page 52

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

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

11 52. "State" means any state of the United States  
12 and the District of Columbia.

13 53. "System" means the central electronic  
14 registration system maintained by Iowa and other  
15 states which are signatories to the agreement.

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

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

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

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

37 58. "Use tax" means the tax levied under  
38 subchapter III of this chapter for which the retailer  
39 collects and remits tax to the department.

40 59. "User" means the immediate recipient of the  
41 services who is entitled to exercise a right of power  
42 over the product of such services.

43 60. "Value of services" means the price to the  
44 user exclusive of any direct tax imposed by the  
45 federal government or by this chapter.

46 61. "Vehicles subject to registration" means any  
47 vehicle subject to registration pursuant to section  
48 321.18.

49

SUBCHAPTER II

50

SALES TAX

**S-3406**

-52-



**S-3406**

Page 53

1 Sec. 104. NEW SECTION. 423.2 TAX IMPOSED.

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

7 a. For the purposes of this subchapter, sales of  
8 the following services are treated as if they were  
9 sales of tangible personal property:

10 (1) Sales of engraving, photography, retouching,  
11 printing, and binding services.

12 (2) Sales of vulcanizing, recapping, and  
13 retreading services.

14 (3) Sales of prepaid telephone calling cards and  
15 prepaid authorization numbers.

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

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

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

**S-3406**

-53-

**S-3406**

Page 54

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

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

41 2. A tax of five percent is imposed upon the sales  
42 price of the sale or furnishing of gas, electricity,  
43 water, heat, pay television service, and communication  
44 service, including the sales price from such sales by  
45 any municipal corporation or joint water utility  
46 furnishing gas, electricity, water, heat, pay  
47 television service, and communication service to the  
48 public in its proprietary capacity, except as  
49 otherwise provided in this subchapter, when sold at  
50 retail in the state to consumers or users.

**S-3406**

-54-

**S-3406**

Page 55

1 3. A tax of five percent is imposed upon the sales  
2 price of all sales of tickets or admissions to places  
3 of amusement, fairs, and athletic events except those  
4 of elementary and secondary educational institutions.  
5 A tax of five percent is imposed on the sales price of  
6 an entry fee or like charge imposed solely for the  
7 privilege of participating in an activity at a place  
8 of amusement, fair, or athletic event unless the sales  
9 price of tickets or admissions charges for observing  
10 the same activity are taxable under this subchapter.  
11 A tax of five percent is imposed upon that part of  
12 private club membership fees or charges paid for the  
13 privilege of participating in any athletic sports  
14 provided club members.

15 4. A tax of five percent is imposed upon the sales  
16 price derived from the operation of all forms of  
17 amusement devices and games of skill, games of chance,  
18 raffles, and bingo games as defined in chapter 99B,  
19 operated or conducted within the state, the tax to be  
20 collected from the operator in the same manner as for  
21 the collection of taxes upon the sales price of  
22 tickets or admission as provided in this section.  
23 Nothing in this subsection shall legalize any games of  
24 skill or chance or slot-operated devices which are now  
25 prohibited by law.

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

47 5. There is imposed a tax of five percent upon the  
48 sales price from the furnishing of services as defined  
49 in section 423.1.

50 6. The sales price of any of the following

**S-3406**

-55-

**S-3406**

Page 56

1 enumerated services is subject to the tax imposed by  
2 subsection 5: alteration and garment repair; armored  
3 car; vehicle repair; battery, tire, and allied;  
4 investment counseling; service charges of all  
5 financial institutions; barber and beauty; boat  
6 repair; vehicle wash and wax; campgrounds; carpentry;  
7 roof, shingle, and glass repair; dance schools and  
8 dance studios; dating services; dry cleaning,  
9 pressing, dyeing, and laundering; electrical and  
10 electronic repair and installation; excavating and  
11 grading; farm implement repair of all kinds; flying  
12 service; furniture, rug, carpet, and upholstery repair  
13 and cleaning; fur storage and repair; golf and country  
14 clubs and all commercial recreation; gun and camera  
15 repair; house and building moving; household  
16 appliance, television, and radio repair; janitorial  
17 and building maintenance or cleaning; jewelry and  
18 watch repair; lawn care, landscaping, and tree  
19 trimming and removal; limousine service, including  
20 driver; machine operator; machine repair of all kinds;  
21 motor repair; motorcycle, scooter, and bicycle repair;  
22 oilers and lubricators; office and business machine  
23 repair; painting, papering, and interior decorating;  
24 parking facilities; pay television; pet grooming; pipe  
25 fitting and plumbing; wood preparation; executive  
26 search agencies; private employment agencies,  
27 excluding services for placing a person in employment  
28 where the principal place of employment of that person  
29 is to be located outside of the state; reflexology;  
30 security and detective services; sewage services for  
31 nonresidential commercial operations; sewing and  
32 stitching; shoe repair and shoeshine; sign  
33 construction and installation; storage of household  
34 goods, mini-storage, and warehousing of raw  
35 agricultural products; swimming pool cleaning and  
36 maintenance; tanning beds or salons; taxidermy  
37 services; telephone answering service; test  
38 laboratories, including mobile testing laboratories  
39 and field testing by testing laboratories, and  
40 excluding tests on humans or animals; termite, bug,  
41 roach, and pest eradicators; tin and sheet metal  
42 repair; Turkish baths, massage, and reducing salons,  
43 excluding services provided by massage therapists  
44 licensed under chapter 152C; water conditioning and  
45 softening; weighing; welding; well drilling; wrapping,  
46 packing, and packaging of merchandise other than  
47 processed meat, fish, fowl, and vegetables; wrecking  
48 service; wrecker and towing.

49 For the purposes of this subsection, the sales  
50 price of a lease or rental includes rents, royalties,

**S-3406**

-56-

**S-3406**

Page 57

1 and copyright and license fees. For the purposes of  
2 this subsection, "financial institutions" means all  
3 national banks, federally chartered savings and loan  
4 associations, federally chartered savings banks,  
5 federally chartered credit unions, banks organized  
6 under chapter 524, savings and loan associations and  
7 savings banks organized under chapter 534, and credit  
8 unions organized under chapter 533.

9 7. a. A tax of five percent is imposed upon the  
10 sales price from the sales, furnishing, or service of  
11 solid waste collection and disposal service.

12 For purposes of this subsection, "solid waste"  
13 means garbage, refuse, sludge from a water supply  
14 treatment plant or air contaminant treatment facility,  
15 and other discarded waste materials and sludges, in  
16 solid, semisolid, liquid, or contained gaseous form,  
17 resulting from nonresidential commercial operations,  
18 but does not include auto hulks; street sweepings;  
19 ash; construction debris; mining waste; trees; tires;  
20 lead acid batteries; used oil; hazardous waste; animal  
21 waste used as fertilizer; earthen fill, boulders, or  
22 rock; foundry sand used for daily cover at a sanitary  
23 landfill; sewage sludge; solid or dissolved material  
24 in domestic sewage or other common pollutants in water  
25 resources, such as silt, dissolved or suspended solids  
26 in industrial waste water effluents or discharges  
27 which are point sources subject to permits under  
28 section 402 of the federal Water Pollution Control  
29 Act, or dissolved materials in irrigation return  
30 flows; or source, special nuclear, or by-product  
31 material defined by the federal Atomic Energy Act of  
32 1954.

33 A recycling facility that separates or processes  
34 recyclable materials and that reduces the volume of  
35 the waste by at least eighty-five percent is exempt  
36 from the tax imposed by this subsection if the waste  
37 exempted is collected and disposed of separately from  
38 other solid waste.

39 b. A person who transports solid waste generated  
40 by that person or another person without compensation  
41 shall pay the tax imposed by this subsection at the  
42 collection or disposal facility based on the disposal  
43 charge or tipping fee. However, the costs of a  
44 service or portion of a service to collect and manage  
45 recyclable materials separated from solid waste by the  
46 waste generator are exempt from the tax imposed by  
47 this subsection.

48 8. a. A tax of five percent is imposed upon the  
49 sales price from sales of bundled services contracts.  
50 For purposes of this subsection, a "bundled services

**S-3406**

**S-3406**

Page 58

1 contract" means an agreement providing for a  
2 retailer's performance of services, one or more of  
3 which is a taxable service enumerated in this section  
4 and one or more of which is not, in return for a  
5 consumer's or user's single payment for the  
6 performance of the services, with no separate.  
7 statement to the consumer or user of what portion of  
8 that payment is attributable to any one service which  
9 is a part of the contract.

10 b. For purposes of the administration of the tax  
11 on bundled services contracts, the director may enter  
12 into agreements of limited duration with individual  
13 retailers, groups of retailers, or organizations  
14 representing retailers of bundled services contracts.  
15 Such an agreement shall impose the tax rate only upon  
16 that portion of the sales price from a bundled  
17 services contract which is attributable to taxable  
18 services provided under the contract.

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

42 10. All revenues arising under the operation of  
43 the provisions of this section shall be deposited into  
44 the general fund of the state.

45 Sec. 105. NEW SECTION. 423.3 EXEMPTIONS.

46 There is exempted from the provisions of this  
47 subchapter and from the computation of the amount of  
48 tax imposed by it the following:

49 1. The sales price from sales of tangible personal  
50 property and services furnished which this state is

**S-3406**

**S-3406**

Page 59

1 prohibited from taxing under the Constitution or laws  
2 of the United States or under the Constitution of this  
3 state.

4 2. The sales price of sales for resale of tangible  
5 personal property or taxable services, or for resale  
6 of tangible personal property in connection with the  
7 furnishing of taxable services.

8 3. The sales price of agricultural breeding  
9 livestock and domesticated fowl.

10 4. The sales price of commercial fertilizer.

11 5. The sales price of agricultural limestone,  
12 herbicide, pesticide, insecticide, including  
13 adjuvants, surfactants, and other products directly  
14 related to the application enhancement of those  
15 products, food, medication, or agricultural drain  
16 tile, including installation of agricultural drain  
17 tile, any of which are to be used in disease control,  
18 weed control, insect control, or health promotion of  
19 plants or livestock produced as part of agricultural  
20 production for market.

21 6. The sales price of tangible personal property  
22 which will be consumed as fuel in creating heat,  
23 power, or steam for grain drying, or for providing  
24 heat or cooling for livestock buildings or for  
25 greenhouses or buildings or parts of buildings  
26 dedicated to the production of flowering, ornamental,  
27 or vegetable plants intended for sale in the ordinary  
28 course of business, or for use in cultivation of  
29 agricultural products by aquaculture, or in implements  
30 of husbandry engaged in agricultural production.

31 7. The sales price of services furnished by  
32 specialized flying implements of husbandry used for  
33 agricultural aerial spraying.

34 8. The sales price exclusive of services of farm  
35 machinery and equipment, including auxiliary  
36 attachments which improve the performance, safety,  
37 operation, or efficiency of the machinery and  
38 equipment and replacement parts, if the following  
39 conditions are met:

40 a. The farm machinery and equipment shall be  
41 directly and primarily used in production of  
42 agricultural products.

43 b. The farm machinery and equipment shall  
44 constitute self-propelled implements or implements  
45 customarily drawn or attached to self-propelled  
46 implements or the farm machinery or equipment is a  
47 grain dryer.

48 c. The replacement part is essential to any repair  
49 or reconstruction necessary to the farm machinery's or  
50 equipment's exempt use in the production of

**S-3406**

-59-

**S-3406**

Page 60

1 agricultural products.

2 Vehicles subject to registration, as defined in  
3 section 423.1, or replacement parts for such vehicles,  
4 are not eligible for this exemption.

5 9. The sales price of wood chips, sawdust, hay,  
6 straw, paper, or other materials used for bedding in  
7 the production of agricultural livestock or fowl.

8 10. The sales price of gas, electricity, water, or  
9 heat to be used in implements of husbandry engaged in  
10 agricultural production.

11 11. The sales price exclusive of services of farm  
12 machinery and equipment, including auxiliary  
13 attachments which improve the performance, safety,  
14 operation, or efficiency of the machinery and  
15 equipment and replacement parts, if all of the  
16 following conditions are met:

17 a. The implement, machinery, or equipment is  
18 directly and primarily used in livestock or dairy  
19 production, aquaculture production, or the production  
20 of flowering, ornamental, or vegetable plants.

21 b. The implement is not a self-propelled implement  
22 or implement customarily drawn or attached to self-  
23 propelled implements.

24 c. The replacement part is essential to any repair  
25 or reconstruction necessary to the farm machinery's or  
26 equipment's exempt use in livestock or dairy  
27 production, aquaculture production, or the production  
28 of flowering, ornamental, or vegetable plants.

29 12. The sales price, exclusive of services, from  
30 sales of irrigation equipment used in farming  
31 operations.

32 13. The sales price from the sale or rental of  
33 irrigation equipment, whether installed above or below  
34 ground, to a contractor or farmer if the equipment  
35 will be primarily used in agricultural operations.

36 14. The sales price from the sales of horses,  
37 commonly known as draft horses, when purchased for use  
38 and so used as draft horses.

39 15. The sales price from the sale of property  
40 which is a container, label, carton, pallet, packing  
41 case, wrapping, baling wire, twine, bag, bottle,  
42 shipping case, or other similar article or receptacle  
43 sold for use in agricultural, livestock, or dairy  
44 production.

45 16. The sales price from the sale of feed and feed  
46 supplements and additives when used for consumption by  
47 farm deer or bison.

48 17. The sales price of all goods, wares, or  
49 merchandise, or services, used for educational  
50 purposes sold to any private nonprofit educational

**S-3406**

-60-



**S-3406**

Page 61

1 institution in this state. For the purpose of this  
2 subsection, "educational institution" means an  
3 institution which primarily functions as a school,  
4 college, or university with students, faculty, and an  
5 established curriculum. The faculty of an educational  
6 institution must be associated with the institution  
7 and the curriculum must include basic courses which  
8 are offered every year. "Educational institution"  
9 includes an institution primarily functioning as a  
10 library.

11 18. The sales price of tangible personal property  
12 sold, or of services furnished, to the following  
13 nonprofit corporations:

14 a. Residential care facilities and intermediate  
15 care facilities for persons with mental retardation  
16 and residential care facilities for persons with  
17 mental illness licensed by the department of  
18 inspections and appeals under chapter 135C.

19 b. Residential facilities licensed by the  
20 department of human services pursuant to chapter 237,  
21 other than those maintained by individuals as defined  
22 in section 237.1, subsection 7.

23 c. Rehabilitation facilities that provide  
24 accredited rehabilitation services to persons with  
25 disabilities which are accredited by the commission on  
26 accreditation of rehabilitation facilities or the  
27 accreditation council for services for persons with  
28 mental retardation and other persons with  
29 developmental disabilities and adult day care services  
30 approved for reimbursement by the state department of  
31 human services.

32 d. Community mental health centers accredited by  
33 the department of human services pursuant to chapter  
34 225C.

35 e. Community health centers as defined in 42  
36 U.S.C. § 254(c) and migrant health centers as defined  
37 in 42 U.S.C. § 254(b).

38 19. The sales price of tangible personal property  
39 sold to a nonprofit organization which was organized  
40 for the purpose of lending the tangible personal  
41 property to the general public for use by them for  
42 nonprofit purposes.

43 20. The sales price of tangible personal property  
44 sold, or of services furnished, to nonprofit legal aid  
45 organizations.

46 21. The sales price of goods, wares, or  
47 merchandise, or of services, used for educational,  
48 scientific, historic preservation, or aesthetic  
49 purpose sold to a nonprofit private museum.

50 22. The sales price from sales of goods, wares, or

**S-3406**

**S-3406**

Page 62

1 merchandise, or from services furnished, to a  
2 nonprofit private art center to be used in the  
3 operation of the art center.

4 23. The sales price of tangible personal property  
5 sold, or of services furnished, by a fair society  
6 organized under chapter 174.

7 24. The sales price from services furnished by the  
8 notification center established pursuant to section  
9 480.3, and the vendor selected pursuant to section  
10 480.3 to provide the notification service.

11 25. The sales price of food and beverages sold for  
12 human consumption by a nonprofit organization which  
13 principally promotes a food or beverage product for  
14 human consumption produced, grown, or raised in this  
15 state and whose income is exempt from federal taxation  
16 under section 501(c) of the Internal Revenue Code.

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

21 27. The sales price of tangible personal property  
22 sold, or of services furnished, to a nonprofit  
23 hospital licensed pursuant to chapter 135B to be used  
24 in the operation of the hospital.

25 28. The sales price of tangible personal property  
26 sold, or of services furnished, to a freestanding  
27 nonprofit hospice facility which operates a hospice  
28 program as defined in 42 C.F.R., ch. IV, § 418.3,  
29 which property or services are to be used in the  
30 hospice program.

31 29. The sales price of all goods, wares, or  
32 merchandise sold, or of services furnished, which are  
33 used in the fulfillment of a written construction  
34 contract with a nonprofit hospital licensed pursuant  
35 to chapter 135B if all of the following apply:

36 a. The sales and delivery of the goods, wares, or  
37 merchandise, or the services furnished occurred  
38 between July 1, 1998, and December 31, 2001.

39 b. The written construction contract was entered  
40 into prior to December 31, 1999, or bonds to fund the  
41 construction were issued prior to December 31, 1999.

42 c. The sales or services were purchased by a  
43 contractor as the agent for the hospital or were  
44 purchased directly by the hospital.

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

**S-3406**

-62-

**S-3406**

Page 63

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

16 a. The sales price of goods, wares, or merchandise  
17 sold to, or of services furnished, and used by or in  
18 connection with the operation of any municipally owned  
19 public utility engaged in selling gas, electricity,  
20 heat, or pay television service to the general public.

21 b. The sales price of furnishing of sewage  
22 services to a county or municipality on behalf of  
23 nonresidential commercial operations.

24 c. The furnishing of solid waste collection and  
25 disposal service to a county or municipality on behalf  
26 of nonresidential commercial operations located within  
27 the county or municipality.

28 The exemption provided by this subsection shall  
29 also apply to all such sales of goods, wares, or  
30 merchandise or of services furnished and subject to  
31 use tax.

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

35 a. The tax specifically imposed under section  
36 423.2 on the sales price from sales or furnishing of  
37 gas, electricity, water, heat, pay television service,  
38 or communication service to the public by a municipal  
39 corporation in its proprietary capacity.

40 b. The sale or furnishing of solid waste  
41 collection and disposal service to nonresidential  
42 commercial operations.

43 c. The sale or furnishing of sewage service for  
44 nonresidential commercial operations.

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

47 33. The sales price of mementos and other items  
48 relating to Iowa history and historic sites, the  
49 general assembly, and the state capitol, sold by the  
50 legislative service bureau and its legislative

**S-3406**

-63-

**S-3406**

Page 64

1 information office on the premises of property under  
2 the control of the legislative council, at the state  
3 capitol, and on other state property.

4 34. The sales price from sales of mementos and  
5 other items relating to Iowa history and historic  
6 sites by the department of cultural affairs on the  
7 premises of property under its control and at the  
8 state capitol.

9 35. The sales price from sales or services  
10 furnished by the state fair organized under chapter  
11 173.

12 36. The sales price from sales of tangible  
13 personal property or of the sale or furnishing of  
14 electrical energy, natural or artificial gas, or  
15 communication service to another state or political  
16 subdivision of another state if the other state  
17 provides a similar reciprocal exemption for this state  
18 and political subdivision of this state.

19 37. The sales price of services on or connected  
20 with new construction, reconstruction, alteration,  
21 expansion, remodeling, or the services of a general  
22 building contractor, architect, or engineer.

23 38. The sales price from the sale of building  
24 materials, supplies, or equipment sold to rural water  
25 districts organized under chapter 504A as provided in  
26 chapter 357A and used for the construction of  
27 facilities of a rural water district.

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

29 "Casual sales" means:

30 a. Sales of tangible personal property, or the  
31 furnishing of services, of a nonrecurring nature, by  
32 the owner, if the seller, at the time of the sale, is  
33 not engaged for profit in the business of selling  
34 tangible personal property or services taxed under  
35 section 423.2.

36 b. The sale of all or substantially all of the  
37 tangible personal property or services held or used by  
38 a seller in the course of the seller's trade or  
39 business for which the seller is required to hold a  
40 sales tax permit when the seller sells or otherwise  
41 transfers the trade or business to another person who  
42 shall engage in a similar trade or business.

43 40. The sales price from the sale of automotive  
44 fluids to a retailer to be used either in providing a  
45 service which includes the installation or application  
46 of the fluids in or on a motor vehicle, which service  
47 is subject to section 423.2, subsection 6, or to be  
48 installed in or applied to a motor vehicle which the  
49 retailer intends to sell, which sale is subject to  
50 section 423.26. For purposes of this subsection,

**S-3406**

-64-

**S-3406**

Page 65

1 automotive fluids are all those which are refined,  
2 manufactured, or otherwise processed and packaged for  
3 sale prior to their installation in or application to  
4 a motor vehicle. They include but are not limited to  
5 motor oil and other lubricants, hydraulic fluids,  
6 brake fluid, transmission fluid, sealants,  
7 undercoatings, antifreeze, and gasoline additives.

8 41. The sales price from the rental of motion  
9 picture films, video and audio tapes, video and audio  
10 discs, records, photos, copy, scripts, or other media  
11 used for the purpose of transmitting that which can be  
12 seen, heard, or read, if either of the following  
13 conditions are met:

14 a. The lessee imposes a charge for the viewing of  
15 such media and the charge for the viewing is subject  
16 to taxation under this subchapter or is subject to use  
17 tax.

18 b. The lessee broadcasts the contents of such  
19 media for public viewing or listening.

20 42. The sales price from the sale of tangible  
21 personal property consisting of advertising material  
22 including paper to a person in Iowa if that person or  
23 that person's agent will, subsequent to the sale, send  
24 that advertising material outside this state and the  
25 material is subsequently used solely outside of Iowa.  
26 For the purpose of this subsection, "advertising  
27 material" means any brochure, catalog, leaflet, flyer,  
28 order form, return envelope, or similar item used to  
29 promote sales of property or services.

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

42 44. The sales price from the sale of property  
43 which is a container, label, carton, pallet, packing  
44 case, wrapping paper, twine, bag, bottle, shipping  
45 case, or other similar article or receptacle sold to  
46 retailers or manufacturers for the purpose of  
47 packaging or facilitating the transportation of  
48 tangible personal property sold at retail or  
49 transferred in association with the maintenance or  
50 repair of fabric or clothing.

**S-3406**

-65-

**S-3406**

Page 66

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

**S-3406**

-66-

**S-3406**

Page 67

1 materials.

2 46. a. The sales price from the sale or rental of  
3 computers, machinery, and equipment, including  
4 replacement parts, and materials used to construct or  
5 self-construct computers, machinery, and equipment if  
6 such items are any of the following:

7 (1) Directly and primarily used in processing by a  
8 manufacturer.

9 (2) Directly and primarily used to maintain the  
10 integrity of the product or to maintain unique  
11 environmental conditions required for either the  
12 product or the computers, machinery, and equipment  
13 used in processing by a manufacturer, including test  
14 equipment used to control quality and specifications  
15 of the product.

16 (3) Directly and primarily used in research and  
17 development of new products or processes of  
18 processing.

19 (4) Computers used in processing or storage of  
20 data or information by an insurance company, financial  
21 institution, or commercial enterprise.

22 (5) Directly and primarily used in recycling or  
23 reprocessing of waste products.

24 (6) Pollution-control equipment used by a  
25 manufacturer, including but not limited to that  
26 required or certified by an agency of this state or of  
27 the United States government.

28 b. The sales price from the sale of fuel used in  
29 creating heat, power, steam, or for generating  
30 electrical current, or from the sale of electricity,  
31 consumed by computers, machinery, or equipment used in  
32 an exempt manner described in paragraph "a",  
33 subparagraph (1), (2), (3), (5), or (6).

34 c. The sales price from the sale or rental of the  
35 following shall not be exempt from the tax imposed by  
36 this subchapter:

37 (1) Hand tools.

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

39 (3) Industrial machinery, equipment, and  
40 computers, including pollution-control equipment  
41 within the scope of section 427A.1, subsection 1,  
42 paragraphs "h" and "i".

43 (4) Vehicles subject to registration, except  
44 vehicles subject to registration which are directly  
45 and primarily used in recycling or reprocessing of  
46 waste products.

47 d. As used in this subsection:

48 (1) "Commercial enterprise" includes businesses  
49 and manufacturers conducted for profit and centers for  
50 data processing services to insurance companies,

**S-3406**

-67-

**S-3406**

Page 68

1 financial institutions, businesses, and manufacturers,  
2 but excludes professions and occupations and nonprofit  
3 organizations.

4 (2) "Financial institution" means as defined in  
5 section 527.2.

6 (3) "Insurance company" means an insurer organized  
7 or operating under chapter 508, 514, 515, 518, 518A,  
8 519, or 520, or authorized to do business in Iowa as  
9 an insurer or an insurance producer under chapter  
10 522B.

11 (4) "Manufacturer" means as defined in section  
12 428.20, but also includes contract manufacturers. A  
13 contract manufacturer is a manufacturer that otherwise  
14 falls within the definition of manufacturer under  
15 section 428.20, except that a contract manufacturer  
16 does not sell the tangible personal property the  
17 contract manufacturer processes on behalf of other  
18 manufacturers. A business engaged in activities  
19 subsequent to the extractive process of quarrying or  
20 mining, such as crushing, washing, sizing, or blending  
21 of aggregate materials, is a manufacturer with respect  
22 to these activities.

23 (5) "Processing" means a series of operations in  
24 which materials are manufactured, refined, purified,  
25 created, combined, or transformed by a manufacturer,  
26 ultimately into tangible personal property.  
27 Processing encompasses all activities commencing with  
28 the receipt or producing of raw materials by the  
29 manufacturer and ending at the point products are  
30 delivered for shipment or transferred from the  
31 manufacturer. Processing includes but is not limited  
32 to refinement or purification of materials; treatment  
33 of materials to change their form, context, or  
34 condition; maintenance of the quality or integrity of  
35 materials, components, or products; maintenance of  
36 environmental conditions necessary for materials,  
37 components, or products; quality control activities;  
38 and construction of packaging and shipping devices,  
39 placement into shipping containers or any type of  
40 shipping devices or medium, and the movement of  
41 materials, components, or products until shipment from  
42 the processor.

43 (6) "Receipt or producing of raw materials" means  
44 activities performed upon tangible personal property  
45 only. With respect to raw materials produced from or  
46 upon real estate, the receipt or producing of raw  
47 materials is deemed to occur immediately following the  
48 severance of the raw materials from the real estate.

49 47. The sales price from the furnishing of the  
50 design and installation of new industrial machinery or

**S-3406**

-68-



**S-3406**

Page 69

1 equipment, including electrical and electronic  
2 installation.

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

21 49. The sales price of sales of electricity,  
22 steam, or any taxable service when purchased and used  
23 in the processing of tangible personal property  
24 intended to be sold ultimately at retail.

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

44 51. The sales price from the sale of argon and  
45 other similar gases to be used in the manufacturing  
46 process.

47 52. The sales price from the sale of electricity  
48 to water companies assessed for property tax pursuant  
49 to sections 428.24, 428.26, and 428.28 which is used  
50 solely for the purpose of pumping water from a river

**S-3406**

**S-3406**

Page 70

1 or well.

2 53. The sales price from the sale of wind energy  
3 conversion property to be used as an electric power  
4 source and the sale of the materials used to  
5 manufacture, install, or construct wind energy  
6 conversion property used or to be used as an electric  
7 power source.

8 For purposes of this subsection, "wind energy  
9 conversion property" means any device, including, but  
10 not limited to, a wind charger, windmill, wind  
11 turbine, tower and electrical equipment, pad mount  
12 transformers, power lines, and substation, which  
13 converts wind energy to a form of usable energy.

14 54. The sales price from the sales of newspapers,  
15 free newspapers, or shoppers guides and the printing  
16 and publishing of such newspapers and shoppers guides,  
17 and envelopes for advertising.

18 55. The sales price from the sale of motor fuel  
19 and special fuel consumed for highway use or in  
20 watercraft or aircraft where the fuel tax has been  
21 imposed and paid and no refund has been or will be  
22 allowed and the sales price from the sales of ethanol  
23 blended gasoline, as defined in section 452A.2.

24 56. The sales price from all sales of food and  
25 food ingredients. However, as used in this  
26 subsection, "food" does not include alcoholic  
27 beverages, candy, dietary supplements, food sold  
28 through vending machines, prepared food, soft drinks,  
29 and tobacco.

30 For the purposes of this subsection:

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

34 b. "Candy" means a preparation of sugar, honey, or  
35 other natural or artificial sweeteners in combination  
36 with chocolate, fruits, nuts, or other ingredients or  
37 flavorings in the form of bars, drops, or pieces.  
38 Candy shall not include any preparation containing  
39 flour and shall require no refrigeration.

40 c. "Dietary supplement" means any product, other  
41 than tobacco, intended to supplement the diet that  
42 contains one or more of the following dietary  
43 ingredients:

44 (1) A vitamin.

45 (2) A mineral.

46 (3) An herb or other botanical.

47 (4) An amino acid.

48 (5) A dietary substance for use by humans to  
49 supplement the diet by increasing the total dietary  
50 intake.

**S-3406**

-70-

**S-3406**

Page 71

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

12 d. "Food and food ingredients" means substances,  
13 whether in liquid, concentrated, solid, frozen, dried,  
14 or dehydrated form, that are sold for ingestion or  
15 chewing by humans and are consumed for their taste or  
16 nutritional value.

17 e. "Food sold through vending machines" means food  
18 dispensed from a machine or other mechanical device  
19 that accepts payment, other than food which would be  
20 qualified for exemption under subsection 57 if  
21 purchased with a coupon described in subsection 57.

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

23 (1) Food sold in a heated state or heated by the  
24 seller, including food sold by a caterer.

25 (2) Two or more food ingredients mixed or combined  
26 by the seller for sale as a single item.

27 (3) "Prepared food", for the purposes of this  
28 paragraph, does not include food that is any of the  
29 following:

30 (a) Only cut, repackaged, or pasteurized by the  
31 seller.

32 (b) Eggs, fish, meat, poultry, and foods  
33 containing these raw animal foods requiring cooking by  
34 the consumer as recommended by the United States food  
35 and drug administration in chapter 3, part 401.11 of  
36 its food code, so as to prevent food borne illnesses.

37 (c) Bakery items sold by the seller which baked  
38 them. The words "bakery items" includes but is not  
39 limited to breads, rolls, buns, biscuits, bagels,  
40 croissants, pastries, donuts, Danish, cakes, tortes,  
41 pies, tarts, muffins, bars, cookies, and tortillas.

42 (d) Food sold without eating utensils provided by  
43 the seller in an unheated state as a single item which  
44 is priced by weight or volume.

45 (4) Food sold with eating utensils provided by the  
46 seller, including plates, knives, forks, spoons,  
47 glasses, cups, napkins, or straws. A plate does not  
48 include a container or packaging used to transport  
49 food.

50 g. "Soft drinks" means nonalcoholic beverages that

**S-3406**

-71-

**S-3406**

Page 72

1 contain natural or artificial sweeteners. "Soft  
2 drinks" does not include beverages that contain milk  
3 or milk products; soy, rice, or similar milk  
4 substitutes; or greater than fifty percent of  
5 vegetable or fruit juice by volume.

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

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

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

17 a. The tangible personal property traded to the  
18 retailer is the type of property normally sold in the  
19 regular course of the retailer's business.

20 b. The tangible personal property traded to the  
21 retailer is intended by the retailer to be ultimately  
22 sold at retail or is intended to be used by the  
23 retailer or another in the remanufacturing of a like  
24 item.

25 59. The sales price from the sale or rental of  
26 prescription drugs or medical devices intended for  
27 human use or consumption.

28 For the purposes of this subsection:

29 a. "Drug" means a compound, substance, or  
30 preparation, and any component of a compound,  
31 substance, or preparation, other than food and food  
32 ingredients, dietary supplements, or alcoholic  
33 beverages which is any of the following:

34 (1) Recognized in the official United States  
35 pharmacopoeia, official homeopathic pharmacopoeia of  
36 the United States, or official national formulary, and  
37 supplement to any of them.

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

40 (3) Intended to affect the structure or any  
41 function of the body.

42 b. "Medical device" means equipment or a supply,  
43 intended to be prescribed by a practitioner, including  
44 orthopedic or orthotic devices. However, "medical  
45 device" also includes prosthetic devices, ostomy,  
46 urological, and tracheostomy equipment and supplies,  
47 and diabetic testing materials, hypodermic syringes  
48 and needles, anesthesia trays, biopsy trays and biopsy  
49 needles, cannula systems, catheter trays and invasive  
50 catheters, dialyzers, drug infusion devices, fistula

**S-3406**

**S-3406**

Page 73

1 sets, hemodialysis devices, insulin infusion devices,  
2 intraocular lenses, irrigation solutions, intravenous  
3 administering sets, solutions and stopcocks, myelogram  
4 trays, nebulizers, small vein infusion kits, spinal  
5 puncture trays, transfusion sets, venous blood sets,  
6 and oxygen equipment, intended to be dispensed for  
7 human use with or without a prescription to an  
8 ultimate user.

9 c. "Practitioner" means a practitioner as defined  
10 in section 155A.3, or a person licensed to prescribe  
11 drugs.

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

20 e. "Prosthetic device" means a replacement,  
21 corrective, or supportive device including repair and  
22 replacement parts for the same worn on or in the body  
23 to do any of the following:

24 (1) Artificially replace a missing portion of the  
25 body.

26 (2) Prevent or correct physical deformity or  
27 malfunction.

28 (3) Support a weak or deformed portion of the  
29 body.

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

37 60. The sales price from services furnished by  
38 aerial commercial and charter transportation services.

39 61. The sales price from the sale of raffle  
40 tickets for a raffle licensed pursuant to section  
41 99B.5.

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

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

**S-3406**

-73-

**S-3406**

Page 74

1 modular home. For purposes of this exemption, the  
2 portion of the purchase price which is not  
3 attributable to the cost of the tangible personal  
4 property used in the processing of the modular home is  
5 forty percent.

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

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

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

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

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

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

44 b. This subsection does not apply to any of the  
45 following:

46 (1) Sport or recreational equipment and protective  
47 equipment.

48 (2) Clothing accessories or equipment.

49 (3) The rental of clothing.

50 c. For purposes of this subsection:

**S-3406**

**S-3406**

Page 75

1 (1) "Clothing" means all human wearing apparel  
2 suitable for general use. "Clothing" includes, but is  
3 not limited to the following: aprons, household and  
4 shop; athletic supporters; baby receiving blankets;  
5 bathing suits and caps; beach capes and coats; belts  
6 and suspenders; boots; coats and jackets; costumes;  
7 diapers (children and adults, including disposable  
8 diapers); earmuffs; footlets; formal wear; garters and  
9 garter belts; girdles; gloves and mittens for general  
10 use; hats and caps; hosiery; insoles for shoes; lab  
11 coats; neckties; overshoes; pantyhose; rainwear;  
12 rubber pants; sandals; scarves; shoes and shoelaces;  
13 slippers; sneakers; socks and stockings; steel-toed  
14 shoes; underwear; uniforms, athletic and nonathletic;  
15 and wedding apparel.

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

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

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

45 (4) "Sport or recreational equipment" means items  
46 designed for human use and worn in conjunction with an  
47 athletic or recreational activity that are not  
48 suitable for general use. "Sport or recreational  
49 equipment" includes, but is not limited to, the  
50 following: ballet and tap shoes; cleated or spiked

**S-3406**

-75-

**S-3406**

Page 76

1 athletic shoes; gloves (including, but not limited to,  
2 baseball, bowling, boxing, hockey, and golf); goggles;  
3 hand and elbow guards; life preservers and vests;  
4 mouth guards; roller and ice skates; shin guards;  
5 shoulder pads; ski boots; waders; and wetsuits and  
6 fins.

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

14 b. The exemption in this subsection shall be  
15 phased in by means of a reduction in the tax rate as  
16 follows:

17 (1) If the date of the utility billing or meter  
18 reading cycle of the residential customer for the sale  
19 or furnishing of metered gas and electricity is on or  
20 after January 1, 2002, through December 31, 2002, or  
21 if the sale or furnishing of fuel for purposes of  
22 residential energy and the delivery of the fuel occurs  
23 on or after January 1, 2002, through December 31,  
24 2002, the rate of tax is four percent of the sales  
25 price.

26 (2) If the date of the utility billing or meter  
27 reading cycle of the residential customer for the sale  
28 or furnishing of metered gas and electricity is on or  
29 after January 1, 2003, through June 30, 2008, or if  
30 the sale or furnishing of fuel for purposes of  
31 residential energy and the delivery of the fuel occurs  
32 on or after January 1, 2003, through June 30, 2008,  
33 the rate of tax is three percent of the sales price.

34 (3) If the date of the utility billing or meter  
35 reading cycle of the residential customer for the sale  
36 or furnishing of metered gas and electricity is on or  
37 after July 1, 2008, through June 30, 2009, or if the  
38 sale or furnishing of fuel for purposes of residential  
39 energy and the delivery of the fuel occurs on or after  
40 July 1, 2008, through June 30, 2009, the rate of tax  
41 is two percent of the sales price.

42 (4) If the date of the utility billing or meter  
43 reading cycle of the residential customer for the sale  
44 or furnishing of metered gas and electricity is on or  
45 after July 1, 2009, through June 30, 2010, or if the  
46 sale or furnishing of fuel for purposes of residential  
47 energy and the delivery of the fuel occurs on or after  
48 July 1, 2009, through June 30, 2010, the rate of tax  
49 is one percent of the sales price.

50 (5) If the date of the utility billing or meter

**S-3406**

-76-



**S-3406**

Page 77

1 reading cycle of the residential customer for the sale  
2 or furnishing of metered gas and electricity is on or  
3 after July 1, 2010, or if the sale, furnishing, or  
4 service of fuel for purposes of residential energy and  
5 the delivery of the fuel occurs on or after July 1,  
6 2010, the rate of tax is zero percent of the sales  
7 price.

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

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

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

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

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

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

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

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

**S-3406**

-77-

**S-3406**

Page 78

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

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

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

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

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

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

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

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

49 a. Educational.

50 b. Religious.

**S-3406**

-78-

**S-3406**

Page 79

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

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

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

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

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

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

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

48 81. The sales price from the sales of lottery  
49 tickets or shares pursuant to chapter 99G.

50 82. The sales price from the sale or rental of

**S-3406**

**S-3406**

Page 80

1 core and mold making equipment and sand handling  
2 equipment directly and primarily used in the mold  
3 making process by a foundry.  
4 83. The sales price from noncustomer point of sale  
5 or noncustomer automated teller machine access or  
6 service charges assessed by a financial institution.  
7 For purposes of this subsection, "financial  
8 institution" means the same as defined in section  
9 527.2.

10 Sec. 106. NEW SECTION. 423.4 REFUNDS.

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

**S-3406**

-80-

**S-3406**

Page 81

1 of the project under contract and at the completion of  
2 the project becomes public property or is devoted to  
3 educational uses.

4 a. Such contractor shall state under oath, on  
5 forms provided by the department, the amount of such  
6 sales of goods, wares, or merchandise, or services  
7 furnished and used in the performance of such  
8 contract, and upon which sales or use tax has been  
9 paid, and shall file such forms with the governmental  
10 unit, private nonprofit educational institution, or  
11 nonprofit private museum which has made any written  
12 contract for performance by the contractor. The forms  
13 shall be filed by the contractor with the governmental  
14 unit, educational institution, or nonprofit private  
15 museum before final settlement is made.

16 b. Such governmental unit, educational  
17 institution, or nonprofit private museum shall, not  
18 more than one year after the final settlement has been  
19 made, make application to the department for any  
20 refund of the amount of the sales or use tax which  
21 shall have been paid upon any goods, wares, or  
22 merchandise, or services furnished, the application to  
23 be made in the manner and upon forms to be provided by  
24 the department, and the department shall forthwith  
25 audit the claim and, if approved, issue a warrant to  
26 the governmental unit, educational institution, or  
27 nonprofit private museum in the amount of the sales or  
28 use tax which has been paid to the state of Iowa under  
29 the contract.

30 Refunds authorized under this subsection shall  
31 accrue interest at the rate in effect under section  
32 421.7 from the first day of the second calendar month  
33 following the date the refund claim is received by the  
34 department.

35 c. Any contractor who willfully makes a false  
36 report of tax paid under the provisions of this  
37 subsection is guilty of a simple misdemeanor and in  
38 addition shall be liable for the payment of the tax  
39 and any applicable penalty and interest.

40 2. The refund of sales and use tax paid on  
41 transportation construction projects let by the state  
42 department of transportation is subject to the special  
43 provisions of this subsection.

44 a. A contractor awarded a contract for a  
45 transportation construction project is considered the  
46 consumer of all building materials, building supplies,  
47 and equipment and shall pay sales tax to the supplier  
48 or remit consumer use tax directly to the department.

49 b. The contractor is not required to file  
50 information with the state department of

**S-3406**

-81-

**S-3406**

Page 82

1 transportation stating the amount of goods, wares, or  
2 merchandise, or services rendered, furnished, or  
3 performed and used in the performance of the contract  
4 or the amount of sales or use tax paid.

5 c. The state department of transportation shall  
6 file a refund claim based on a formula that considers  
7 the following:

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

10 (2) The estimated cost of these materials included  
11 in the items of work, and the state sales or use tax  
12 to be paid on the tax rate in effect in section 423.2.  
13 The quantity of materials shall be determined after  
14 each letting based on the contract quantities of all  
15 items of work let to contract. The quantity of  
16 individual component materials required for each item  
17 shall be determined and maintained in a database. The  
18 total quantities of materials shall be determined by  
19 multiplying the quantities of component materials for  
20 each contract item of work by the total quantities of  
21 each contract item for each letting. Where variances  
22 exist in the cost of materials, the lowest cost shall  
23 be used as the base cost.

24 d. Only the state sales or use tax is refundable.  
25 Local option taxes paid by the contractor are not  
26 refundable.

27 3. A relief agency may apply to the director for  
28 refund of the amount of sales or use tax imposed and  
29 paid upon sales to it of any goods, wares,  
30 merchandise, or services furnished, used for free  
31 distribution to the poor and needy.

32 a. The refunds may be obtained only in the  
33 following amounts and manner and only under the  
34 following conditions:

35 (1) On forms furnished by the department, and  
36 filed within the time as the director shall provide by  
37 rule, the relief agency shall report to the department  
38 the total amount or amounts, valued in money, expended  
39 directly or indirectly for goods, wares, merchandise,  
40 or services furnished, used for free distribution to  
41 the poor and needy.

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

46 (3) The relief agency must prove to the  
47 satisfaction of the director that the person making  
48 the sales has included the amount thereof in the  
49 computation of the sales price of such person and that  
50 such person has paid the tax levied by this subchapter

**S-3406**

**S-3406**

Page 83

1 or subchapter III, based upon such computation of the  
2 sales price.

3 b. If satisfied that the foregoing conditions and  
4 requirements have been complied with, the director  
5 shall refund the amount claimed by the relief agency.

6 SUBCHAPTER III  
7 USE TAX

8 Sec. 107. NEW SECTION. 423.5 IMPOSITION OF TAX.

9 An excise tax at the rate of five percent of the  
10 purchase price or installed purchase price is imposed  
11 on the following:

12 1. The use in this state of tangible personal  
13 property as defined in section 423.1, including  
14 aircraft subject to registration under section 328.20,  
15 purchased for use in this state. For the purposes of  
16 this subchapter, the furnishing or use of the  
17 following services is also treated as the use of  
18 tangible personal property: optional service or  
19 warranty contracts, except residential service  
20 contracts regulated under chapter 523C, vulcanizing,  
21 recapping, or retreading services, engraving,  
22 photography, retouching, printing, or binding  
23 services, and communication service when furnished or  
24 delivered to consumers or users within this state.

25 2. The use of manufactured housing in this state,  
26 on the purchase price if the manufactured housing is  
27 sold in the form of tangible personal property or on  
28 the installed purchase price if the manufactured  
29 housing is sold in the form of realty.

30 3. The use of leased vehicles, on the amount  
31 subject to tax as calculated pursuant to section  
32 423.27.

33 4. Purchases of tangible personal property made  
34 from the government of the United States or any of its  
35 agencies by ultimate consumers shall be subject to the  
36 tax imposed by this section. Services purchased from  
37 the same source or sources shall be subject to the  
38 service tax imposed by this subchapter and apply to  
39 the user of the services.

40 5. The use in this state of services enumerated in  
41 section 423.2. This tax is applicable where services  
42 are furnished in this state or where the product or  
43 result of the service is used in this state.

44 6. The excise tax is imposed upon every person  
45 using the property within this state until the tax has  
46 been paid directly to the county treasurer, the state  
47 department of transportation, a retailer, or the  
48 department. This tax is imposed on every person using  
49 the services or the product of the services in this  
50 state until the user has paid the tax either to an

**S-3406**

-83-

**S-3406**

Page 84

1 Iowa use tax permit holder or to the department.

2 7. For the purpose of the proper administration of  
3 the use tax and to prevent its evasion, evidence that  
4 tangible personal property was sold by any person for  
5 delivery in this state shall be prima facie evidence  
6 that such tangible personal property was sold for use  
7 in this state.

8 Sec. 108. NEW SECTION. 423.6 EXEMPTIONS.

9 The use in this state of the following tangible  
10 personal property and services is exempted from the  
11 tax imposed by this subchapter:

12 1. Tangible personal property and enumerated  
13 services, the sales price from the sale of which are  
14 required to be included in the measure of the sales  
15 tax, if that tax has been paid to the department or  
16 the retailer. This exemption does not include  
17 vehicles subject to registration or subject only to  
18 the issuance of a certificate of title.

19 2. The sale of tangible personal property or the  
20 furnishing of services in the regular course of  
21 business.

22 3. Property used in processing. The use of  
23 property in processing within the meaning of this  
24 subsection shall mean and include any of the  
25 following:

26 a. Any tangible personal property including  
27 containers which it is intended shall, by means of  
28 fabrication, compounding, manufacturing, or  
29 germination, become an integral part of other tangible  
30 personal property intended to be sold ultimately at  
31 retail, and containers used in the collection,  
32 recovery, or return of empty beverage containers  
33 subject to chapter 455C.

34 b. Fuel which is consumed in creating power, heat,  
35 or steam for processing or for generating electric  
36 current.

37 c. Chemicals, solvents, sorbents, or reagents,  
38 which are directly used and are consumed, dissipated,  
39 or depleted in processing tangible personal property  
40 which is intended to be sold ultimately at retail, and  
41 which may not become a component or integral part of  
42 the finished product.

43 d. The distribution to the public of free  
44 newspapers or shoppers guides shall be deemed a retail  
45 sale for purposes of the processing exemption in this  
46 subsection.

47 4. All articles of tangible personal property  
48 brought into the state of Iowa by a nonresident  
49 individual for the individual's use or enjoyment while  
50 within the state.

**S-3406**

-84-



**S-3406**

Page 85

1 5. Services exempt from taxation by the provisions  
2 of section 423.3.

3 6. Tangible personal property or services the  
4 sales price of which is exempt from the sales tax  
5 under section 423.3, except subsections 39 and 73, as  
6 it relates to the sale, but not the lease or rental,  
7 of vehicles subject to registration or subject only to  
8 the issuance of a certificate of title and as it  
9 relates to aircraft subject to registration under  
10 section 328.20.

11 7. Advertisement and promotional material and  
12 matter, seed catalogs, envelopes for same, and other  
13 similar material temporarily stored in this state  
14 which are acquired outside of Iowa and which,  
15 subsequent to being brought into this state, are sent  
16 outside of Iowa, either singly or physically attached  
17 to other tangible personal property sent outside of  
18 Iowa.

19 8. Vehicles, as defined in section 321.1,  
20 subsections 41, 64A, 71, 85, and 88, except such  
21 vehicles subject to registration which are designed  
22 primarily for carrying persons, when purchased for  
23 lease and actually leased to a lessee for use outside  
24 the state of Iowa and the subsequent sole use in Iowa  
25 is in interstate commerce or interstate  
26 transportation.

27 9. Tangible personal property which, by means of  
28 fabrication, compounding, or manufacturing, becomes an  
29 integral part of vehicles, as defined in section  
30 321.1, subsections 41, 64A, 71, 85, and 88,  
31 manufactured for lease and actually leased to a lessee  
32 for use outside the state of Iowa and the subsequent  
33 sole use in Iowa is in interstate commerce or  
34 interstate transportation. Vehicles subject to  
35 registration which are designed primarily for carrying  
36 persons are excluded from this subsection.

37 10. Vehicles subject to registration which are  
38 transferred from a business or individual conducting a  
39 business within this state as a sole proprietorship,  
40 partnership, or limited liability company to a  
41 corporation formed by the sole proprietorship,  
42 partnership, or limited liability company for the  
43 purpose of continuing the business when all of the  
44 stock of the corporation so formed is owned by the  
45 sole proprietor and the sole proprietor's spouse, by  
46 all the partners in the case of a partnership, or by  
47 all the members in the case of a limited liability  
48 company. This exemption is equally available where  
49 the vehicles subject to registration are transferred  
50 from a corporation to a sole proprietorship,

**S-3406**

**S-3406**

Page 86

1 partnership, or limited liability company formed by  
2 that corporation for the purpose of continuing the  
3 business when all of the incidents of ownership are  
4 owned by the same person or persons who were  
5 stockholders of the corporation.

6 This exemption also applies where the vehicles  
7 subject to registration are transferred from a  
8 corporation as part of the liquidation of the  
9 corporation to its stockholders if within three months  
10 of such transfer the stockholders retransfer those  
11 vehicles subject to registration to a sole  
12 proprietorship, partnership, or limited liability  
13 company for the purpose of continuing the business of  
14 the corporation when all of the incidents of ownership  
15 are owned by the same person or persons who were  
16 stockholders of the corporation.

17 10A. Vehicles subject to registration which are  
18 transferred from a corporation that is primarily  
19 engaged in the business of leasing vehicles subject to  
20 registration to a corporation that is primarily  
21 engaged in the business of leasing vehicles subject to  
22 registration when the transferor and transferee  
23 corporations are part of the same controlled group for  
24 federal income tax purposes.

25 11. Vehicles registered or operated under chapter  
26 326 and used substantially in interstate commerce,  
27 section 423.5, subsection 7, notwithstanding. For  
28 purposes of this subsection, "substantially in  
29 interstate commerce" means that a minimum of twenty-  
30 five percent of the miles operated by the vehicle  
31 accrues in states other than Iowa. This subsection  
32 applies only to vehicles which are registered for a  
33 gross weight of thirteen tons or more.

34 For purposes of this subsection, trailers and  
35 semitrailers registered or operated under chapter 326  
36 are deemed to be used substantially in interstate  
37 commerce and to be registered for a gross weight of  
38 thirteen tons or more.

39 For the purposes of this subsection, if a vehicle  
40 meets the requirement that twenty-five percent of the  
41 miles operated accrues in states other than Iowa in  
42 each year of the first four-year period of operation,  
43 the exemption from use tax shall continue until the  
44 vehicle is sold or transferred. If the vehicle is  
45 found to have not met the exemption requirements or  
46 the exemption was revoked, the value of the vehicle  
47 upon which the use tax shall be imposed is the book or  
48 market value, whichever is less, at the time the  
49 exemption requirements were not met or the exemption  
50 was revoked.

**S-3406**

**S-3406**

Page 87

1 12. Mobile homes and manufactured housing the use  
2 of which has previously been subject to the tax  
3 imposed under this subchapter and for which that tax  
4 has been paid.

5 13. Mobile homes to the extent of the portion of  
6 the purchase price of the mobile home which is not  
7 attributable to the cost of the tangible personal  
8 property used in the processing of the mobile home,  
9 and manufactured housing to the extent of the purchase  
10 price or the installed purchase price of the  
11 manufactured housing which is not attributable to the  
12 cost of the tangible personal property used in the  
13 processing of the manufactured housing. For purposes  
14 of this exemption, the portion of the purchase price  
15 which is not attributable to the cost of the tangible  
16 personal property used in the processing of the mobile  
17 home is forty percent and the portion of the purchase  
18 price or installed purchase price which is not  
19 attributable to the cost of the tangible personal  
20 property used in the processing of the manufactured  
21 housing is forty percent.

22 14. Tangible personal property used or to be used  
23 as a ship, barge, or waterborne vessel which is used  
24 or to be used primarily in or for the transportation  
25 of property or cargo for hire on the rivers bordering  
26 the state or as materials or parts of such ship,  
27 barge, or waterborne vessel.

28 15. Vehicles subject to registration in any state  
29 when purchased for rental or registered and titled by  
30 a motor vehicle dealer licensed pursuant to chapter  
31 322 for rental use, and held for rental for a period  
32 of one hundred twenty days or more and actually rented  
33 for periods of sixty days or less by a person  
34 regularly engaged in the business of renting vehicles  
35 including, but not limited to, motor vehicle dealers  
36 licensed pursuant to chapter 322 who rent automobiles  
37 to users, if the rental of the vehicles is subject to  
38 taxation under chapter 423C.

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

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

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

48 c. The user was aware of this situation.

49 17. Vehicles subject to registration under chapter  
50 321, with a gross vehicle weight rating of less than

**S-3406**

**S-3406**

Page 88

1 sixteen thousand pounds, excluding motorcycles and  
2 motorized bicycles, when purchased for lease and  
3 titled by the lessor licensed pursuant to chapter 321F  
4 and actually leased for a period of twelve months or  
5 more if the lease of the vehicle is subject to  
6 taxation under section 423.27.

7 A lessor may maintain the exemption from use tax  
8 under this subsection for a qualifying lease that  
9 terminates at the conclusion or prior to the  
10 contracted expiration date, if the lessor does not use  
11 the vehicle for any purpose other than for lease.  
12 Once the vehicle is used by the lessor for a purpose  
13 other than for lease, the exemption from use tax under  
14 this subsection no longer applies and, unless there is  
15 an exemption from the use tax, use tax is due on the  
16 fair market value of the vehicle determined at the  
17 time the lessor uses the vehicle for a purpose other  
18 than for lease, payable to the department. If the  
19 lessor holds the vehicle exclusively for sale, use tax  
20 is due and payable on the purchase price of the  
21 vehicle at the time of purchase pursuant to this  
22 subchapter.

23 18. Aircraft for use in a scheduled interstate  
24 federal aviation administration certificated air  
25 carrier operation.

26 19. Aircraft; tangible personal property  
27 permanently affixed or attached as a component part of  
28 the aircraft, including but not limited to repair or  
29 replacement materials or parts; and all services used  
30 for aircraft repair, remodeling, and maintenance  
31 services when such services are performed on aircraft,  
32 aircraft engines, or aircraft component materials or  
33 parts. For the purposes of this exemption, "aircraft"  
34 means aircraft used in a scheduled interstate federal  
35 aviation administration certificated air carrier  
36 operation.

37 20. Tangible personal property permanently affixed  
38 or attached as a component part of the aircraft,  
39 including but not limited to repair or replacement  
40 materials or parts; and all services used for aircraft  
41 repair, remodeling, and maintenance services when such  
42 services are performed on aircraft, aircraft engines,  
43 or aircraft component materials or parts. For the  
44 purposes of this exemption, "aircraft" means aircraft  
45 used in a nonscheduled interstate federal aviation  
46 administration certificated air carrier operation  
47 operating under 14 C.F.R., ch. 1, pt. 135.

48 21. Aircraft sold to an aircraft dealer who in  
49 turn rents or leases the aircraft if all of the  
50 following apply:

**S-3406**

-88-

**S-3406**

Page 89

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

3 b. The dealer reserves the right to immediately  
4 take the aircraft from the renter or lessee when a  
5 buyer is found.

6 c. The renter or lessee is aware that the dealer  
7 will immediately take the aircraft when a buyer is  
8 found.

9 If an aircraft exempt under this subsection is used  
10 for any purpose other than leasing or renting, or the  
11 conditions in paragraphs "a", "b", and "c" are not  
12 continuously met, the dealer claiming the exemption  
13 under this subsection is liable for the tax that would  
14 have been due except for this subsection. The tax  
15 shall be computed upon the original purchase price.

16 22. The use in this state of building materials,  
17 supplies, or equipment, the sale or use of which is  
18 not treated as a retail sale or a sale at retail under  
19 section 423.2, subsection 1.

20 23. Exempted from the purchase price of any  
21 vehicle subject to registration is:

22 a. The amount of any cash rebate which is provided  
23 by a motor vehicle manufacturer to the purchaser of  
24 the vehicle subject to registration so long as the  
25 rebate is applied to the purchase price of the  
26 vehicle.

27 b. That in transactions, except those subject to  
28 paragraph "c", in which tangible personal property is  
29 traded toward the purchase price of other tangible  
30 personal property the purchase price is only that  
31 portion of the purchase price which is payable in  
32 money to the retailer if the following conditions are  
33 met:

34 (1) The tangible personal property traded to the  
35 retailer is the type of property normally sold in the  
36 regular course of the retailer's business.

37 (2) The tangible personal property traded to the  
38 retailer is intended by the retailer to be ultimately  
39 sold at retail or is intended to be used by the  
40 retailer or another in the remanufacturing of a like  
41 item.

42 c. In a transaction between persons, neither of  
43 which is a retailer of vehicles subject to  
44 registration, in which a vehicle subject to  
45 registration is traded toward the purchase price of  
46 another vehicle subject to registration, the amount of  
47 the trade-in value allowed on the vehicle subject to  
48 registration traded.

49

## SUBCHAPTER IV

50 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

**S-3406**

-89-

**S-3406**

Page 90

1 Sec. 109. NEW SECTION. 423.7 TITLE.

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

4 Sec. 110. NEW SECTION. 423.8 LEGISLATIVE FINDING  
5 AND INTENT.

6 The general assembly finds that Iowa should enter  
7 into an agreement with one or more states to simplify  
8 and modernize sales and use tax administration in  
9 order to substantially reduce the burden of tax  
10 compliance for all sellers and for all types of  
11 commerce. It is the intent of the general assembly  
12 that entering into this agreement will lead to  
13 simplification and modernization of the sales and use  
14 tax law and not to the imposition of new taxes or an  
15 increase or decrease in the existing number of  
16 exemptions, unless such a result is unavoidable under  
17 the terms of the agreement.

18 Sec. 111. NEW SECTION. 423.9 AUTHORITY TO ENTER  
19 AGREEMENT AND TO REPRESENT THE STATE.

20 The director is authorized and directed to enter  
21 into the streamlined sales and use tax agreement with  
22 one or more states to simplify and modernize sales and  
23 use tax administration in order to substantially  
24 reduce the burden of tax compliance for all sellers  
25 and for all types of commerce.

26 The director is further authorized to take other  
27 actions reasonably required to implement the  
28 provisions set forth in this chapter. Other actions  
29 authorized by this section include, but are not  
30 limited to, the adoption of rules and the joint  
31 procurement, with other member states, of goods and  
32 services in furtherance of the cooperative agreement.

33 The director or the director's designee is  
34 authorized to be a member of the governing board  
35 established pursuant to the agreement and to represent  
36 Iowa before that body.

37 Sec. 112. NEW SECTION. 423.10 RELATIONSHIP TO  
38 STATE LAW.

39 Entry into the agreement by the director does not  
40 amend or modify any law of this state. Implementation  
41 of any condition of the agreement in this state,  
42 whether adopted before, at, or after membership of  
43 this state in the agreement, shall be by action of the  
44 general assembly.

45 Sec. 113. NEW SECTION. 423.11 AGREEMENT  
46 REQUIREMENTS.

47 The director shall not enter into the agreement  
48 unless the agreement requires each state to abide by  
49 the following requirements:

50 1. UNIFORM STATE RATE. The agreement must set

**S-3406**

**S-3406**

Page 91

1 restrictions to achieve more uniform state rates  
2 through the following:

- 3 a. Limiting the number of state rates.
- 4 b. Limiting the application of maximums on the  
5 amount of state tax that is due on a transaction.
- 6 c. Limiting the application of thresholds on the  
7 application of state tax.

8 2. UNIFORM STANDARDS. The agreement must  
9 establish uniform standards for the following:

- 10 a. The sourcing of transactions to taxing  
11 jurisdictions.
- 12 b. The administration of exempt sales.
- 13 c. The allowances a seller can take for bad debts.
- 14 d. Sales and use tax returns and remittances.

15 3. UNIFORM DEFINITIONS. The agreement must  
16 require states to develop and adopt uniform  
17 definitions of sales and use tax terms. The  
18 definitions must enable a state to preserve its  
19 ability to make policy choices not inconsistent with  
20 the uniform definitions.

21 4. CENTRAL REGISTRATION. The agreement must  
22 provide a central, electronic registration system that  
23 allows a seller to register to collect and remit sales  
24 and use taxes for all member states.

25 5. NO NEXUS ATTRIBUTION. The agreement must  
26 provide that registration with the central  
27 registration system and the collection of sales and  
28 use taxes in the member states must not be used as a  
29 factor in determining whether the seller has nexus  
30 with a state for any tax.

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

- 34 a. Restricting variances between the state and  
35 local tax bases.
- 36 b. Requiring states to administer any sales and  
37 use taxes levied by local jurisdictions within the  
38 state so that sellers collecting and remitting these  
39 taxes must not have to register or file returns with,  
40 remit funds to, or be subject to independent audits  
41 from local taxing jurisdictions.
- 42 c. Restricting the frequency of changes in the  
43 local sales and use tax rates and setting effective  
44 dates for the application of local jurisdictional  
45 boundary changes to local sales and use taxes.
- 46 d. Providing notice of changes in local sales and  
47 use tax rates and of changes in the boundaries of  
48 local taxing jurisdictions.

49 7. MONETARY ALLOWANCES. The agreement must  
50 outline any monetary allowances that are to be

**S-3406**

-91-

**S-3406**

Page 92

1 provided by the states to sellers or certified service  
2 providers.

3 8. STATE COMPLIANCE. The agreement must require  
4 each state to certify compliance with the terms of the  
5 agreement prior to joining and to maintain compliance,  
6 under the laws of the member state, with all  
7 provisions of the agreement while a member.

8 9. CONSUMER PRIVACY. The agreement must require  
9 each state to adopt a uniform policy for certified  
10 service providers that protects the privacy of  
11 consumers and maintains the confidentiality of tax  
12 information.

13 10. ADVISORY COUNCILS. The agreement must provide  
14 for the appointment of an advisory council of private  
15 sector representatives and an advisory council of  
16 nonmember state representatives to consult with in the  
17 administration of the agreement.

18 Sec. 114. NEW SECTION. 423.12 LIMITED BINDING  
19 AND BENEFICIAL EFFECT.

20 1. The agreement binds and inures only to the  
21 benefit of Iowa and the other member states. A  
22 person, other than a member state, is not an intended  
23 beneficiary of the agreement. Any benefit to a person  
24 other than a member state is established by the law of  
25 Iowa and not by the terms of the agreement.

26 2. A person shall not have any cause of action or  
27 defense under the agreement or by virtue of this  
28 state's entry into the agreement. A person may not  
29 challenge, in any action brought under any provision  
30 of law, any action or inaction by any department,  
31 agency, or other instrumentality of this state, or any  
32 political subdivision of this state on the ground that  
33 the action or inaction is inconsistent with the  
34 agreement.

35 3. A law of this state, or the application of it,  
36 shall not be declared invalid as to any such person or  
37 circumstance on the ground that the provision or  
38 application is inconsistent with the agreement.

39 SUBCHAPTER V

40 SALES AND USE TAX ACT -- ADMINISTRATION OF  
41 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
42 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

43 Sec. 115. NEW SECTION. 423.13 PURPOSE OF THIS  
44 SUBCHAPTER.

45 The purpose of this subchapter is to provide for  
46 the administration and collection of sales or use tax  
47 on the part of retailers who are not registered under  
48 the agreement and for the collection of use tax on the  
49 part of consumers who are obligated to pay that tax  
50 directly. Any application of the sections of this

**S-3406**



**S-3406**

Page 93

1 subchapter to retailers registered under the agreement  
2 is only by way of incorporation by reference into  
3 subchapter VI of this chapter.

4 Sec. 116. NEW SECTION. 423.14 SALES AND USE TAX  
5 COLLECTION.

6 1. a. Sales tax, other than that described in  
7 paragraph "c", shall be collected by sellers who are  
8 retailers or by their agents. Sellers or their agents  
9 shall, as far as practicable, add the sales tax, or  
10 the average equivalent thereof, to the sales price or  
11 charge, less trade-ins allowed and taken and when  
12 added such tax shall constitute a part of the sales  
13 price or charge, shall be a debt from consumer or user  
14 to seller or agent until paid, and shall be  
15 recoverable at law in the same manner as other debts.

16 b. In computing the tax to be collected as the  
17 result of any transaction, the tax computation must be  
18 carried to the third decimal place. Whenever the  
19 third decimal place is greater than four, the tax must  
20 be rounded up to the next whole cent; whenever the  
21 third decimal place is four or less, the tax must be  
22 rounded downward to a whole cent. Sellers may elect  
23 to compute the tax due on transactions on an item or  
24 invoice basis. Sellers are not required to use a  
25 bracket system.

26 c. The tax imposed upon those sales of motor  
27 vehicle fuel which are subject to tax and refund under  
28 chapter 452A shall be collected by the state treasurer  
29 by way of deduction from refunds otherwise allowable  
30 under that chapter. The treasurer shall transfer the  
31 amount of such deductions from the motor vehicle fuel  
32 tax fund to the special tax fund.

33 2. Use tax shall be collected in the following  
34 manner:

35 a. The tax upon the use of all vehicles subject to  
36 registration or subject only to the issuance of a  
37 certificate of title or the tax upon the use of  
38 manufactured housing shall be collected by the county  
39 treasurer or the state department of transportation  
40 pursuant to sections 423.26 and 423.27. The county  
41 treasurer shall retain one dollar from each tax  
42 payment collected, to be credited to the county  
43 general fund.

44 b. The tax upon the use of all tangible personal  
45 property other than that enumerated in paragraph "a",  
46 which is sold by a seller who is a retailer  
47 maintaining a place of business in this state, or by  
48 such other retailer or agent as the director shall  
49 authorize pursuant to section 423.30, shall be  
50 collected by the retailer or agent and remitted to the

**S-3406**

**S-3406**

Page 94

1 department, pursuant to the provisions of paragraph  
2 "e", and sections 423.24, 423.29, 423.30, 423.32, and  
3 423.33.

4 c. The tax upon the use of all tangible personal  
5 property not paid pursuant to paragraphs "a" and "b"  
6 shall be paid to the department directly by any person  
7 using the property within this state, pursuant to the  
8 provisions of section 423.34.

9 d. The tax imposed on the use of services  
10 enumerated in section 423.5 shall be collected,  
11 remitted, and paid to the department of revenue and  
12 finance in the same manner as use tax on tangible  
13 personal property is collected, remitted, and paid  
14 under this subchapter.

15 e. All persons obligated by paragraph "a", "b", or  
16 "d", to collect use tax shall, as far as practicable,  
17 add that tax, or the average equivalent thereof, to  
18 the purchase price, less trade-ins allowed and taken,  
19 and when added the tax shall constitute a part of the  
20 purchase price. Use tax which this section requires  
21 to be collected by a retailer and any tax collected  
22 pursuant to this section by a retailer shall  
23 constitute a debt owed by the retailer to this state.  
24 Tax which must be paid directly to the department,  
25 pursuant to paragraph "c" or "d", is to be computed  
26 and added by the consumer or user to the purchase  
27 price in the same manner as this paragraph requires a  
28 seller to compute and add the tax. The tax shall be a  
29 debt from the consumer or user to the department until  
30 paid, and shall be recoverable at law in the same  
31 manner as other debts.

32 Sec. 117. NEW SECTION. 423.15 GENERAL SOURCING  
33 RULES.

34 All sellers obligated to collect Iowa sales or use  
35 tax shall use the standards set out in this section to  
36 determine where sales of products occur, excluding  
37 sales enumerated in section 423.16. These provisions  
38 apply regardless of the characterization of a product  
39 as tangible personal property, a digital good, or a  
40 service, excluding telecommunications services. This  
41 section only applies to determine a seller's  
42 obligation to pay or collect and remit a sales or use  
43 tax with respect to the seller's sale of a product.  
44 This section does not affect the obligation of a  
45 purchaser or lessee to remit tax on the use of the  
46 product to the taxing jurisdictions in which the use  
47 occurs. A seller's obligation to collect Iowa sales  
48 tax or Iowa use tax only occurs if the sale is sourced  
49 to this state. The application of whether Iowa sales  
50 tax applies to sales sourced to Iowa depends upon

**S-3406**

**S-3406**

Page 95

1 where the sale is consummated by delivery.

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

5 a. When the product is received by the purchaser  
6 at a business location of the seller, the sale is  
7 sourced to that business location.

8 b. When the product is not received by the  
9 purchaser at a business location of the seller, the  
10 sale is sourced to the location where receipt by the  
11 purchaser or the purchaser's donee, designated as such  
12 by the purchaser, occurs, including the location  
13 indicated by instructions for delivery to the  
14 purchaser or donee, known to the seller.

15 c. When paragraphs "a" and "b" do not apply, the  
16 sale is sourced to the location indicated by an  
17 address for the purchaser that is available from the  
18 business records of the seller that are maintained in  
19 the ordinary course of the seller's business when use  
20 of this address does not constitute bad faith.

21 d. When paragraphs "a", "b", and "c" do not apply,  
22 the sale is sourced to the location indicated by an  
23 address for the purchaser obtained during the  
24 consummation of the sale, including the address of a  
25 purchaser's payment instrument, if no other address is  
26 available, when use of this address does not  
27 constitute bad faith.

28 e. When paragraphs "a", "b", "c", and "d" do not  
29 apply, including the circumstance where the seller is  
30 without sufficient information to apply the previous  
31 rules, then the location will be determined by the  
32 address from which tangible personal property was  
33 shipped, from which the digital good or the computer  
34 software delivered electronically was first available  
35 for transmission by the seller, or from which the  
36 service was provided disregarding for these purposes  
37 any location that merely provided the digital transfer  
38 of the product sold.

39 2. The lease or rental of tangible personal  
40 property, other than property identified in subsection  
41 3 or section 423.16, shall be sourced as follows:

42 a. For a lease or rental that requires recurring  
43 periodic payments, the first periodic payment is  
44 sourced the same as a retail sale in accordance with  
45 the provisions of subsection 1. Periodic payments  
46 made subsequent to the first payment are sourced to  
47 the primary property location for each period covered  
48 by the payment. The primary property location shall  
49 be as indicated by an address for the property  
50 provided by the lessee that is available to the lessor

**S-3406**

**S-3406**

Page 96

1 from its records maintained in the ordinary course of  
2 business, when use of this address does not constitute  
3 bad faith. The property location shall not be altered  
4 by intermittent use at different locations, such as  
5 use of business property that accompanies employees on  
6 business trips and service calls.

7 b. For a lease or rental that does not require  
8 recurring periodic payments, the payment is sourced  
9 the same as a retail sale in accordance with the  
10 provisions of subsection 1.

11 c. This subsection does not affect the imposition  
12 or computation of sales or use tax on leases or  
13 rentals based on a lump sum or accelerated basis, or  
14 on the acquisition of property for lease.

15 3. The retail sale, including lease or rental, of  
16 transportation equipment shall be sourced the same as  
17 a retail sale in accordance with the provisions of  
18 subsection 1, notwithstanding the exclusion of lease  
19 or rental in that subsection. "Transportation  
20 equipment" means any of the following:

21 a. Locomotives or railcars that are utilized for  
22 the carriage of persons or property in interstate  
23 commerce.

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

28 (1) Are registered through the international  
29 registration plan.

30 (2) Are operated under authority of a carrier  
31 authorized and certificated by the United States  
32 department of transportation or another federal  
33 authority to engage in the carriage of persons or  
34 property in interstate commerce.

35 c. Aircraft that are operated by air carriers  
36 authorized and certificated by the United States  
37 department of transportation or another federal or a  
38 foreign authority to engage in the carriage of persons  
39 or property in interstate or foreign commerce.

40 d. Containers designed for use on and component  
41 parts attached or secured on the items set forth in  
42 paragraphs "a" through "c".

43 Sec. 118. NEW SECTION. 423.16 TRANSACTIONS TO  
44 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

45 Section 423.15 does not apply to sales or use taxes  
46 levied on the following:

47 1. The retail sale or transfer of watercraft,  
48 modular homes, manufactured housing, or mobile homes,  
49 and the retail sale, excluding lease or rental, of  
50 motor vehicles, trailers, semitrailers, or aircraft

**S-3406**

**S-3406**

Page 97

1 that do not qualify as transportation equipment, as  
2 defined in section 423.15, subsection 3.

3 2. The lease or rental of motor vehicles,  
4 trailers, semitrailers, or aircraft that do not  
5 qualify as transportation equipment, as defined in  
6 section 423.15, subsection 3, which shall be sourced  
7 in accordance with section 423.17.

8 3. Transactions to which the multiple points use  
9 exemption is applicable, which shall be sourced in  
10 accordance with section 423.18.

11 4. Transactions to which direct mail sourcing is  
12 applicable, which shall be sourced in accordance with  
13 section 423.19.

14 5. Telecommunications services, as set out in  
15 section 423.20, which shall be sourced in accordance  
16 with section 423.20, subsection 2.

17 Sec. 119. NEW SECTION. 423.17 SOURCING RULES FOR  
18 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS  
19 NOT TRANSPORTATION EQUIPMENT.

20 The lease or rental of motor vehicles, trailers,  
21 semitrailers, or aircraft that do not qualify as  
22 transportation equipment, as defined in section  
23 423.15, subsection 3, shall be sourced as follows:

24 1. For a lease or rental that requires recurring  
25 periodic payments, each periodic payment is sourced to  
26 the primary property location. The primary property  
27 location shall be as indicated by an address for the  
28 property provided by the lessee that is available to  
29 the lessor from its records maintained in the ordinary  
30 course of business, when use of this address does not  
31 constitute bad faith. This location shall not be  
32 altered by intermittent use at different locations.

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

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

41 Sec. 120. NEW SECTION. 423.18 MULTIPLE POINTS OF  
42 USE EXEMPTION FORMS.

43 A business purchaser that is not a holder of a  
44 direct pay tax permit pursuant to section 423.36 that  
45 knows at the time of its purchase of a digital good,  
46 computer software delivered electronically, or a  
47 service that the digital good, computer software  
48 delivered electronically, or service will be  
49 concurrently available for use in more than one  
50 jurisdiction shall deliver to the seller in

**S-3406**

**S-3406**

Page 98

1 conjunction with its purchase a "multiple points of  
2 use" or "MPU" exemption form disclosing this fact.

3 1. Upon receipt of the MPU exemption form, the  
4 seller is relieved of all obligation to collect, pay,  
5 or remit the applicable tax and the purchaser shall be  
6 obligated to collect, pay, or remit the applicable tax  
7 on a direct pay basis.

8 2. A purchaser delivering the MPU exemption form  
9 may use any reasonable, but consistent and uniform,  
10 method of apportionment that is supported by the  
11 purchaser's business records as they exist at the time  
12 of the consummation of the sale.

13 3. The MPU exemption form will remain in effect  
14 for all future sales by the seller to the purchaser  
15 except as to the subsequent sale's specific  
16 apportionment that is governed by the principle of  
17 subsection 2 and the facts existing at the time of the  
18 sale until it is revoked in writing.

19 4. A holder of a direct pay tax permit under  
20 section 423.36 shall not be required to deliver an MPU  
21 exemption form to the seller. A direct pay tax permit  
22 holder shall follow the provisions of subsection 2 in  
23 apportioning the tax due on a digital good, computer  
24 software delivered electronically, or service that  
25 will be concurrently available for use in more than  
26 one jurisdiction.

27 Sec. 121. NEW SECTION. 423.19 DIRECT MAIL  
28 SOURCING.

29 1. Notwithstanding section 423.15, a purchaser of  
30 direct mail that is not a holder of a direct pay tax  
31 permit pursuant to section 423.36 shall provide to the  
32 seller in conjunction with the purchase either a  
33 direct mail form or information to show the  
34 jurisdictions to which the direct mail is delivered to  
35 recipients.

36 a. Upon receipt of the direct mail form, the  
37 seller is relieved of all obligations to collect, pay,  
38 or remit the applicable tax and the purchaser is  
39 obligated to pay or remit the applicable tax on a  
40 direct pay basis. A direct mail form shall remain in  
41 effect for all future sales of direct mail by the  
42 seller to the purchaser until it is revoked in  
43 writing.

44 b. Upon receipt of information from the purchaser  
45 showing the jurisdictions to which the direct mail is  
46 delivered to recipients, the seller shall collect the  
47 tax according to the delivery information provided by  
48 the purchaser. In the absence of bad faith, the  
49 seller is relieved of any further obligation to  
50 collect tax on any transaction where the seller has

**S-3406**

**S-3406**

Page 99

1 collected tax pursuant to the delivery information  
2 provided by the purchaser.

3 2. If the purchaser of direct mail does not have a  
4 direct pay tax permit and does not provide the seller  
5 with either a direct mail form or delivery  
6 information, as required by subsection 1, the seller  
7 shall collect the tax according to section 423.15,  
8 subsection 1, paragraph "e". Nothing in this  
9 subsection shall limit a purchaser's obligation for  
10 sales or use tax to any state to which the direct mail  
11 is delivered.

12 3. If a purchaser of direct mail provides the  
13 seller with documentation of direct pay authority, the  
14 purchaser shall not be required to provide a direct  
15 mail form or delivery information to the seller.

16 Sec. 122. NEW SECTION. 423.20 TELECOMMUNICATIONS  
17 SERVICE SOURCING.

18 1. As used in this section:

19 a. "Air-to-ground radiotelephone service" means a  
20 radio service, as that term is used in 47 C.F.R. §  
21 22.99, in which common carriers are authorized to  
22 offer and provide radio telecommunications service for  
23 hire to subscribers in aircraft.

24 b. "Call-by-call basis" means any method of  
25 charging for the telecommunications service where the  
26 price is measured by individual calls.

27 c. "Communications channel" means a physical or  
28 virtual path of communications over which signals are  
29 transmitted between or among customer channel  
30 termination points.

31 d. "Customer" means the person or entity that  
32 contracts with the seller of the telecommunications  
33 service. If the end user of the telecommunications  
34 service is not the contracting party, the end user of  
35 the telecommunications service is the customer of the  
36 telecommunications service, but this sentence only  
37 applies for the purpose of sourcing sales of the  
38 telecommunications service under this section.

39 "Customer" does not include a reseller of a  
40 telecommunications service or for mobile  
41 telecommunications service of a serving carrier under  
42 an agreement to serve the customer outside the home  
43 service provider's licensed service area.

44 e. "Customer channel termination point" means the  
45 location where the customer either inputs or receives  
46 the communications.

47 f. "End user" means the person who utilizes the  
48 telecommunications service. In the case of an entity,  
49 "end user" means the individual who utilizes the  
50 service on behalf of the entity.

**S-3406**

-99-

**S-3406**

Page 100

- 1 g. "Home service provider" means the same as that  
2 term is defined in the federal Mobile  
3 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
4 4 U.S.C. § 124(5).
- 5 h. "Mobile telecommunications service" means the  
6 same as that term is defined in federal Mobile  
7 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
8 4 U.S.C. § 124(7).
- 9 i. "Place of primary use" means the street address  
10 representative of where the customer's use of the  
11 telecommunications service primarily occurs, which  
12 must be the residential street address or the primary  
13 business street address of the customer. In the case  
14 of mobile telecommunications service, "place of  
15 primary use" must be within the licensed service area  
16 of the home service provider.
- 17 j. "Postpaid calling service" means the  
18 telecommunications service obtained by making a  
19 payment on a call-by-call basis either through the use  
20 of a credit card or payment mechanism such as a bank  
21 card, travel card, credit card, or debit card, or by  
22 charge made to a telephone number which is not  
23 associated with the origination or termination of the  
24 telecommunications service. A "postpaid calling  
25 service" includes a telecommunications service that  
26 would be a prepaid calling service except it is not  
27 exclusively a telecommunications service.
- 28 k. "Prepaid calling service" means the right to  
29 access exclusively telecommunications services, which  
30 must be paid for in advance and which enables the  
31 origination of calls using an access number or  
32 authorization code, whether manually or electronically  
33 dialed, and that is sold in predetermined units or  
34 dollars of which the amount declines with use in a  
35 known amount.
- 36 l. "Private communication service" means a  
37 telecommunications service that entitles the customer  
38 to exclusive or priority use of a communications  
39 channel or group of channels between or among  
40 termination points, regardless of the manner in which  
41 such channel or channels are connected, and includes  
42 switching capacity, extension lines, stations, and any  
43 other associated services that are provided in  
44 connection with the use of such channel or channels.
- 45 m. "Service address" means one of the following:  
46 (1) The location of the telecommunications  
47 equipment to which a customer's call is charged and  
48 from which the call originates or terminates,  
49 regardless of where the call is billed or paid.  
50 (2) If the location in subparagraph (1) is not

**S-3406**

-100-



**S-3406**

Page 101

1 known, "service address" means the origination point  
2 of the signal of the telecommunications service first  
3 identified by either the seller's telecommunications  
4 system or in information received by the seller from  
5 its service provider, where the system used to  
6 transport such signals is not that of the seller.

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

10 2. Sales of telecommunications services shall be  
11 sourced in the following manner:

12 a. Except for the defined telecommunications  
13 services in paragraph "c", the sale of  
14 telecommunications services sold on a call-by-call  
15 basis shall be sourced to one of the following:

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

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

21 b. Except for the defined telecommunications  
22 services in paragraph "c", a sale of  
23 telecommunications services sold on a basis other than  
24 a call-by-call basis is sourced to the customer's  
25 place of primary use.

26 c. Sale of the following telecommunications  
27 services shall be sourced to each level of taxing  
28 jurisdiction as follows:

29 (1) A sale of mobile telecommunications services  
30 other than air-to-ground radiotelephone service or  
31 prepaid calling service is sourced to the customer's  
32 place of primary use as required by the federal Mobile  
33 Telecommunications Sourcing Act.

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

37 (a) The seller's telecommunications system.

38 (b) Information received by the seller from its  
39 service provider, where the system used to transport  
40 such signals is not that of the seller.

41 (3) A sale of prepaid calling service is sourced  
42 in accordance with section 423.15. However, in the  
43 case of a sale of mobile telecommunications services  
44 that is a prepaid telecommunications service, the rule  
45 provided in section 423.15, subsection 1, paragraph  
46 "e", shall include as an option the location  
47 associated with the mobile telephone number.

48 (4) A sale of a private telecommunications service  
49 is sourced as follows:

50 (a) Service for a separate charge related to a

**S-3406**

-101-

**S-3406**

Page 102

1 customer channel termination point is sourced to each  
2 level of jurisdiction in which such customer channel  
3 termination point is located.

4 (b) Service where all customer termination points  
5 are located entirely within one jurisdiction or level  
6 of jurisdiction is sourced in such jurisdiction in  
7 which the customer channel termination points are  
8 located.

9 (c) Service for segments of a channel between two  
10 customer channel termination points located in  
11 different jurisdictions and which segments of a  
12 channel are separately charged is sourced fifty  
13 percent in each level of jurisdiction in which the  
14 customer channel termination points are located.

15 (d) Service for segments of a channel located in  
16 more than one jurisdiction or levels of jurisdiction  
17 and which segments are not separately billed is  
18 sourced in each jurisdiction based on the percentage  
19 determined by dividing the number of customer channel  
20 termination points in such jurisdiction by the total  
21 number of customer channel termination points.

22 Sec. 123. NEW SECTION. 423.21 BAD DEBT  
23 DEDUCTIONS.

24 1. For the purposes of this section, "bad debt"  
25 means an amount properly calculated pursuant to  
26 section 166 of the Internal Revenue Code then adjusted  
27 to exclude financing charges or interest, sales or use  
28 taxes charged on the purchase price, uncollectible  
29 amounts on property that remain in the possession of  
30 the seller until the full purchase price is paid,  
31 expenses incurred in attempting to collect any debt,  
32 and repossessed property.

33 2. In computing the amount of tax due, a seller  
34 may deduct bad debts from the total amount upon which  
35 the tax is calculated for any return. Any deduction  
36 taken or refund paid which is attributed to bad debts  
37 shall not include interest.

38 3. A seller may deduct bad debts on the return for  
39 the period during which the bad debt is written off as  
40 uncollectible in the seller's books and records and is  
41 eligible to be deducted for federal income tax  
42 purposes. For purposes of this subsection, a seller  
43 who is not required to file federal income tax returns  
44 may deduct a bad debt on a return filed for the period  
45 in which the bad debt is written off as uncollectible  
46 in the seller's books and records and would be  
47 eligible for a bad debt deduction for federal income  
48 tax purposes if the seller were required to file a  
49 federal income tax return.

50 4. If a deduction is taken for a bad debt and the

**S-3406**

**S-3406**

Page 103

1 seller subsequently collects the debt in whole or in  
2 part, the tax on the amount so collected must be paid  
3 and reported on the return filed for the period in  
4 which the collection is made.

5 5. A seller may obtain a refund of tax on any  
6 amount of bad debt that exceeds the amount of taxable  
7 sales within the period allowed for refund claims by  
8 section 423.47. However, the period allowed for  
9 refund claims shall be measured from the due date of  
10 the return on which the bad debt could first be  
11 claimed.

12 6. For the purposes of computing a bad debt  
13 deduction or reporting a payment received on a  
14 previously claimed bad debt, any payments made on a  
15 debt or account shall be applied first to the price of  
16 the property or service and tax thereon,  
17 proportionally, and secondly to interest, service  
18 charges, and any other charges.

19 Sec. 124. NEW SECTION. 423.22 TAXATION IN  
20 ANOTHER STATE.

21 If any person who causes tangible personal property  
22 to be brought into this state or who uses in this  
23 state services enumerated in section 423.2 has already  
24 paid a tax in another state in respect to the sale or  
25 use of the property or the performance of the service,  
26 or an occupation tax in respect to the property or  
27 service, in an amount less than the tax imposed by  
28 subchapter II or III, the provisions of those  
29 subchapters shall apply, but at a rate measured by the  
30 difference only between the rate fixed by subchapter  
31 II or III and the rate by which the previous tax on  
32 the sale or use, or the occupation tax, was computed.  
33 If the tax imposed and paid in the other state is  
34 equal to or more than the tax imposed by those  
35 subchapters, then a tax is not due in this state on  
36 the personal property or service.

37 Sec. 125. NEW SECTION. 423.23 SELLERS'  
38 AGREEMENTS.

39 Agreements between competing sellers, or the  
40 adoption of appropriate rules and regulations by  
41 organizations or associations of sellers to provide  
42 uniform methods for adding sales or use tax or the  
43 average equivalent thereof, and which do not involve  
44 price-fixing agreements otherwise unlawful, are  
45 expressly authorized and shall be held not in  
46 violation of chapter 553 or other antitrust laws of  
47 this state. The director shall cooperate with  
48 sellers, organizations, or associations in formulating  
49 agreements and rules.

50 Sec. 126. NEW SECTION. 423.24 ABSORBING TAX

**S-3406**

**S-3406**

Page 104

1 PROHIBITED.

2 A seller shall not advertise or hold out or state  
3 to the public or to any purchaser, consumer, or user,  
4 directly or indirectly, that the taxes or any parts  
5 thereof imposed by subchapter II or III will be  
6 assumed or absorbed by the seller or the taxes will  
7 not be added to the sales price of the property sold,  
8 or if added that the taxes or any part thereof will be  
9 refunded. Any person violating any of the provisions  
10 of this section within this state is guilty of a  
11 simple misdemeanor.

12 Sec. 127. NEW SECTION. 423.25 DIRECTOR'S POWER  
13 TO ADOPT RULES.

14 The director shall have the power to adopt rules  
15 for adding the taxes imposed by subchapters II and  
16 III, or the average equivalents thereof, by providing  
17 different methods applying uniformly to retailers  
18 within the same general classification for the purpose  
19 of enabling the retailers to add and collect, as far  
20 as practicable, the amounts of those taxes.

21 Sec. 128. NEW SECTION. 423.26 VEHICLES SUBJECT  
22 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE --  
23 MANUFACTURED HOUSING.

24 The use tax imposed upon the use of vehicles  
25 subject to registration or subject only to the  
26 issuance of a certificate of title or imposed upon the  
27 use of manufactured housing shall be paid by the owner  
28 of the vehicle or of the manufactured housing to the  
29 county treasurer or the state department of  
30 transportation from whom the registration receipt or  
31 certificate of title is obtained. A registration  
32 receipt for a vehicle subject to registration or  
33 certificate of title shall not be issued until the tax  
34 has been paid. The county treasurer or the state  
35 department of transportation shall require every  
36 applicant for a registration receipt for a vehicle  
37 subject to registration or certificate of title to  
38 supply information as the county treasurer or the  
39 director deems necessary as to the time of purchase,  
40 the purchase price, installed purchase price, and  
41 other information relative to the purchase of the  
42 vehicle or manufactured housing. On or before the  
43 tenth day of each month, the county treasurer or the  
44 state department of transportation shall remit to the  
45 department the amount of the taxes collected during  
46 the preceding month.

47 A person who willfully makes a false statement in  
48 regard to the purchase price of a vehicle subject to  
49 taxation under this section is guilty of a fraudulent  
50 practice. A person who willfully makes a false

**S-3406**

-104-

S-3406

Page 105

1 statement in regard to the purchase price of such a  
2 vehicle with the intent to evade the payment of tax  
3 shall be assessed a penalty of seventy-five percent of  
4 the amount of tax unpaid and required to be paid on  
5 the actual purchase price less trade-in allowance.

6 Sec. 129. NEW SECTION. 423.27 MOTOR VEHICLE  
7 LEASE TAX.

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

31 2. The amount subject to tax shall be computed on  
32 each separate lease transaction by taking the total of  
33 the lease payments, plus the down payment, and  
34 excluding all of the following:

- 35 a. Title fee.
- 36 b. Registration fees.
- 37 c. Vehicle lease tax pursuant to this section.
- 38 d. Federal excise taxes attributable to the sale  
39 of the vehicle to the owner or to the lease of the  
40 vehicle by the owner.
- 41 e. Optional service or warranty contracts subject  
42 to tax pursuant to section 423.2, subsection 1.
- 43 f. Insurance.
- 44 g. Manufacturer's rebate.
- 45 h. Refundable deposit.
- 46 i. Finance charges, if any, on items listed in  
47 paragraphs "a" through "h".

48 If any or all of the items in paragraphs "a"  
49 through "i" are excluded from the taxable lease price,  
50 the owner shall maintain adequate records of the

S-3406

-105-

**S-3406**

Page 106

1 amounts of those items. If the parties to a lease  
2 enter into an agreement providing that the tax imposed  
3 under this statute is to be paid by the lessee or  
4 included in the monthly lease payments to be paid by  
5 the lessee, the total cost of the tax shall not be  
6 included in the computation of lease price for the  
7 purpose of taxation under this section. The county  
8 treasurer, the state department of transportation, or  
9 the department of revenue and finance shall require  
10 every applicant for a registration receipt for a  
11 vehicle subject to tax under this section to supply  
12 information as the county treasurer or director deems  
13 necessary as to the date of the lease transaction, the  
14 lease price, and other information relative to the  
15 lease of the vehicle.

16 3. On or before the tenth day of each month, the  
17 county treasurer or the state department of  
18 transportation shall remit to the department the  
19 amount of the taxes collected during the preceding  
20 month.

21 4. If the lease is terminated prior to the  
22 termination date contained in the lease agreement, no  
23 refund shall be allowed for tax previously paid under  
24 this section, except as provided in section 322G.4.

25 Sec. 130. NEW SECTION. 423.28 SALES TAX REPORT  
26 -- DEDUCTION.

27 Motor vehicle or trailer dealers, in making their  
28 reports and returns to the department for the purpose  
29 of paying the sales tax, shall be permitted to deduct  
30 all sales prices from retail sales of vehicles subject  
31 to registration or subject only to the issuance of a  
32 certificate of title. Sales prices from sales of  
33 vehicles subject to registration or subject only to  
34 the issuance of a certificate of title are exempted  
35 from the sales tax, but, if required by the director,  
36 the sales prices shall be included in the returns made  
37 by motor vehicle or trailer dealers under subchapter  
38 II, and proper deductions taken pursuant to this  
39 section.

40 Sec. 131. NEW SECTION. 423.29 COLLECTIONS BY  
41 SELLERS.

42 Every seller who is a retailer and who is making  
43 taxable sales of tangible personal property in Iowa  
44 shall, at the time of selling the property, collect  
45 the sales tax. Every seller who is a retailer  
46 maintaining a place of business in this state and  
47 selling tangible personal property for use in Iowa  
48 shall, at the time of making the sale, whether within  
49 or without the state, collect the use tax. Sellers  
50 required to collect sales or use tax shall give to any

**S-3406**

**S-3406**

Page 107

1 purchaser a receipt for the tax collected in the  
2 manner and form prescribed by the director.

3 Every seller who is a retailer furnishing taxable  
4 services in Iowa and every seller who is a retailer  
5 maintaining a place of business in this state and  
6 furnishing taxable services in Iowa or services  
7 outside Iowa if the product or result of the service  
8 is used in Iowa shall be subject to the provisions of  
9 the preceding paragraph.

10 Sec. 132. NEW SECTION. 423.30 FOREIGN SELLERS  
11 NOT REGISTERED UNDER THE AGREEMENT.

12 The director may, upon application, authorize the  
13 collection of the use tax by any seller who is a  
14 retailer not maintaining a place of business within  
15 this state and not registered under the agreement,  
16 who, to the satisfaction of the director, furnishes  
17 adequate security to ensure collection and payment of  
18 the tax. Such sellers shall be issued, without  
19 charge, permits to collect tax subject to any  
20 regulations which the director shall prescribe. When  
21 so authorized, it shall be the duty of foreign sellers  
22 to collect the tax upon all tangible personal property  
23 sold, to the retailer's knowledge, for use within this  
24 state, in the same manner and subject to the same  
25 requirements as a retailer maintaining a place of  
26 business within this state. The authority and permit  
27 may be canceled when, at any time, the director  
28 considers the security inadequate, or that tax can  
29 more effectively be collected from the person using  
30 property in this state.

31 The discretionary power granted in this section is  
32 extended to apply in the case of foreign retailers  
33 furnishing services enumerated in section 423.2.

34 Sec. 133. NEW SECTION. 423.31 FILING OF SALES  
35 TAX RETURNS AND PAYMENT OF SALES TAX.

36 1. Each person subject to this section and section  
37 423.36 and in accordance with the provisions of this  
38 section and section 423.36 shall, on or before the  
39 last day of the month following the close of each  
40 calendar quarter during which such person is or has  
41 become or ceased being subject to the provisions of  
42 this section and section 423.36, make, sign, and file  
43 a return for the calendar quarter in the form as may  
44 be required. Returns shall show information relating  
45 to sales prices including goods, wares, and services  
46 converted to the use of such person, the amounts of  
47 sales prices excluded and exempt from the tax, the  
48 amounts of sales prices subject to tax, a calculation  
49 of tax due, and any other information for the period  
50 covered by the return as may be required. Returns

**S-3406**

-107-

**S-3406**

Page 108

1 shall be signed by the retailer or the retailer's  
2 authorized agent and must be certified by the retailer  
3 to be correct in accordance with forms and rules  
4 prescribed by the director.

5 2. Persons required to file, or committed to file  
6 by reason of voluntary action or by order of the  
7 department, deposits of taxes due under this  
8 subchapter shall be entitled to take credit against  
9 the total quarterly amount of tax due such amount as  
10 shall have been deposited by such persons during that  
11 calendar quarter. The balance remaining due after  
12 such credit for deposits shall be entered on the  
13 return. However, such person may be granted an  
14 extension of time not exceeding thirty days for filing  
15 the quarterly return, upon a proper showing of  
16 necessity. If an extension is granted, such person  
17 shall have paid by the twentieth day of the month  
18 following the close of such quarter ninety percent of  
19 the estimated tax due.

20 3. The sales tax forms prescribed by the director  
21 shall be referred to as "retailers tax deposit".  
22 Deposit forms shall be signed by the retailer or the  
23 retailer's duly authorized agent, and shall be duly  
24 certified by the retailer or agent to be correct. The  
25 director may authorize incorporated banks and trust  
26 companies or other depositories authorized by law  
27 which are depositories or financial agents of the  
28 United States, or of this state, to receive any sales  
29 tax imposed under this chapter, in the manner, at the  
30 times, and under the conditions the director  
31 prescribes. The director shall prescribe the manner,  
32 times, and conditions under which the receipt of the  
33 tax by those depositories is to be treated as payment  
34 of the tax to the department.

35 4. Every retailer at the time of making any return  
36 required by this section shall compute and pay to the  
37 department the tax due for the preceding period. The  
38 tax on sales prices from the sale or rental of  
39 tangible personal property under a consumer rental  
40 purchase agreement as defined in section 537.3604,  
41 subsection 8, is payable in the tax period of receipt.

42 5. Upon making application and receiving approval  
43 from the director, a parent corporation and its  
44 affiliated corporations that make retail sales of  
45 tangible personal property or taxable enumerated  
46 services may make deposits and file a consolidated  
47 sales tax return for the affiliated group, pursuant to  
48 rules adopted by the director. A parent corporation  
49 and each affiliate corporation that files a  
50 consolidated return are jointly and severally liable

**S-3406**

-108-



**S-3406**

Page 109

1 for all tax, penalty, and interest found due for the  
2 tax period for which a consolidated return is filed or  
3 required to be filed.

4 A business required to file a consolidated sales  
5 tax return shall file a form entitled "schedule of  
6 consolidated business locations" with its quarterly  
7 sales tax return that shows the taxpayer's  
8 consolidated permit number, the permit number for each  
9 Iowa business location, the state sales tax amount by  
10 business location, and the amount of state sales tax  
11 due on goods consumed that are not assigned to a  
12 specific business location. Consolidated quarterly  
13 sales tax returns that are not accompanied by the  
14 schedule of consolidated business locations form are  
15 considered incomplete and are subject to penalty under  
16 section 421.27.

17 6. If necessary or advisable in order to insure  
18 the payment of the tax, the director may require  
19 returns and payment of the tax to be made for other  
20 than quarterly periods, the provisions of this  
21 section, or other provision to the contrary  
22 notwithstanding.

23 Sec. 134. NEW SECTION. 423.32 FILING OF USE TAX  
24 RETURNS AND PAYMENT OF USE TAX.

25 1. A retailer maintaining a place of business in  
26 this state who is required to collect or a user who is  
27 required to pay the use tax or a foreign retailer  
28 authorized, pursuant to section 423.30, to collect the  
29 use tax, shall remit to the department the amount of  
30 tax on or before the last day of the month following  
31 each calendar quarterly period. However, a retailer  
32 who collects or owes more than fifteen hundred dollars  
33 in use taxes in a month shall deposit with the  
34 department or in a depository authorized by law and  
35 designated by the director, the amount collected or  
36 owed, with a deposit form for the month as prescribed  
37 by the director.

38 a. The deposit form is due on or before the  
39 twentieth day of the month following the month of  
40 collection, except a deposit is not required for the  
41 third month of the calendar quarter, and the total  
42 quarterly amount, less the amounts deposited for the  
43 first two months of the quarter, is due with the  
44 quarterly report on the last day of the month  
45 following the month of collection. At that time, the  
46 retailer shall file with the department a return for  
47 the preceding quarterly period in the form prescribed  
48 by the director showing the purchase price of the  
49 tangible personal property sold by the retailer during  
50 the preceding quarterly period, the use of which is

**S-3406**

-109-

**S-3406**

Page 110

1 subject to the use tax imposed by this chapter, and  
2 other information the director deems necessary for the  
3 proper administration of the use tax.

4 b. The return shall be accompanied by a remittance  
5 of the use tax for the period covered by the return.  
6 If necessary in order to ensure payment to the state  
7 of the tax, the director may in any or all cases  
8 require returns and payments to be made for other than  
9 quarterly periods. The director, upon request and a  
10 proper showing of necessity, may grant an extension of  
11 time not to exceed thirty days for making any return  
12 and payment. Returns shall be signed, in accordance  
13 with forms and rules prescribed by the director, by  
14 the retailer or the retailer's authorized agent, and  
15 shall be certified by the retailer or agent to be  
16 correct.

17 2. If it is reasonably expected, as determined by  
18 rules prescribed by the director, that a retailer's  
19 annual sales or use tax liability will not exceed one  
20 hundred twenty dollars for a calendar year, the  
21 retailer may request and the director may grant  
22 permission to the retailer, in lieu of the quarterly  
23 filing and remitting requirements set out elsewhere in  
24 this section, to file the return required by and remit  
25 the sales or use tax due under this section on a  
26 calendar-year basis. The return and tax are due and  
27 payable no later than January 31 following each  
28 calendar year in which the retailer carries on  
29 business.

30 3. The director, in cooperation with the  
31 department of management, may periodically change the  
32 filing and remittance thresholds by administrative  
33 rule if in the best interests of the state and  
34 taxpayer to do so.

35 Sec. 135. NEW SECTION. 423.33 LIABILITY OF  
36 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR  
37 USE TAX.

38 1. LIABILITY OF PURCHASER FOR SALES TAX. If a  
39 purchaser fails to pay sales tax to the retailer  
40 required to collect the tax, then in addition to all  
41 of the rights, obligations, and remedies provided, the  
42 tax is payable by the purchaser directly to the  
43 department, and sections 423.31, 423.32, 423.37,  
44 423.38, 423.39, 423.40, 423.41, and 423.42 apply to  
45 the purchaser. For failure to pay, the retailer and  
46 purchaser are liable, unless the circumstances  
47 described in section 421.60, subsection 2, paragraph  
48 "m", or section 423.45, subsection 4, paragraph "b" or  
49 "e", or subsection 5, paragraph "c" or "e", are  
50 applicable.

**S-3406**

**S-3406**

Page 111

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

26 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A  
27 person sponsoring a flea market or a craft, antique,  
28 coin, or stamp show or similar event shall obtain from  
29 every retailer selling tangible personal property or  
30 taxable services at the event proof that the retailer  
31 possesses a valid sales tax permit or secure from the  
32 retailer a statement, taken in good faith, that  
33 property or services offered for sale are not subject  
34 to sales tax. Failure to do so renders a sponsor of  
35 the event liable for payment of any sales tax,  
36 interest, and penalty due and owing from any retailer  
37 selling property or services at the event. Sections  
38 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
39 423.41, and 423.42 apply to the sponsors. For  
40 purposes of this subsection, a person sponsoring a  
41 flea market or a craft, antique, coin, or stamp show  
42 or similar event does not include an organization  
43 which sponsors an event less than three times a year  
44 or a state, county, or district agricultural fair.

45 Sec. 136. NEW SECTION. 423.34 LIABILITY OF USER.

46 Any person who uses any property or services  
47 enumerated in section 423.2 upon which the use tax has  
48 not been paid, either to the county treasurer or to a  
49 retailer or direct to the department as required by  
50 this subchapter, shall be liable for the payment of

**S-3406**

-111-

**S-3406**

Page 112

1 tax, and shall on or before the last day of the month  
2 next succeeding each quarterly period pay the use tax  
3 upon all property or services used by the person  
4 during the preceding quarterly period in the manner  
5 and accompanied by such returns as the director shall  
6 prescribe. All of the provisions of sections 423.32  
7 and 423.33 with reference to the returns and payments  
8 shall be applicable to the returns and payments  
9 required by this section.

10 Sec. 137. NEW SECTION. 423.35 POSTING OF BOND TO  
11 SECURE PAYMENT.

12 The director may, when necessary and advisable in  
13 order to secure the collection of the sales or use  
14 tax, authorize any person subject to either tax, and  
15 any retailer required or authorized to collect those  
16 taxes pursuant to the provisions of section 423.14, to  
17 file with the department a bond, issued by a surety  
18 company authorized to transact business in this state  
19 and approved by the insurance commissioner as to  
20 solvency and responsibility, in an amount as the  
21 director may fix, to secure the payment of any tax,  
22 interest, or penalties due or which may become due  
23 from such person. In lieu of a bond, securities  
24 approved by the director, in an amount which the  
25 director may prescribe, may be deposited with the  
26 department, which securities shall be kept in the  
27 custody of the department and may be sold by the  
28 director at public or private sale, without notice to  
29 the depositor, if it becomes necessary to do so in  
30 order to recover any tax, interest, or penalties due.  
31 Upon the sale, the surplus, if any, above the amounts  
32 due under this chapter shall be returned to the person  
33 who deposited the securities.

34 Sec. 138. NEW SECTION. 423.36 PERMITS REQUIRED  
35 TO COLLECT SALES OR USE TAX -- APPLICATIONS --  
36 REVOCATION.

37 1. A person shall not engage in or transact  
38 business as a retailer making taxable sales of  
39 tangible personal property or furnishing services  
40 within this state or as a retailer making taxable  
41 sales of tangible personal property or furnishing  
42 services for use within this state, unless a permit  
43 has been issued to the retailer under this section,  
44 except as provided in subsection 6. Every person  
45 desiring to engage in or transact business as a  
46 retailer shall file with the department an application  
47 for a permit to collect sales or use tax. Every  
48 application for a sales or use tax permit shall be  
49 made upon a form prescribed by the director and shall  
50 set forth any information the director may require.

**S-3406**

**S-3406**

Page 113

1 The application shall be signed by an owner of the  
2 business if a natural person; in the case of a  
3 retailer which is an association or partnership, by a  
4 member or partner; and in the case of a retailer which  
5 is a corporation, by an executive officer or some  
6 person specifically authorized by the corporation to  
7 sign the application, to which shall be attached the  
8 written evidence of the person's authority.

9 2. To collect sales or use tax, the applicant must  
10 have a permit for each place of business in the state  
11 of Iowa. The department may deny a permit to an  
12 applicant who is substantially delinquent in paying a  
13 tax due, or the interest or penalty on the tax,  
14 administered by the department at the time of  
15 application. If the applicant is a partnership, a  
16 permit may be denied if a partner is substantially  
17 delinquent in paying any delinquent tax, penalty, or  
18 interest. If the applicant is a corporation, a permit  
19 may be denied if any officer having a substantial  
20 legal or equitable interest in the ownership of the  
21 corporation owes any delinquent tax, penalty, or  
22 interest.

23 3. The department shall grant and issue to each  
24 applicant a permit for each place of business in this  
25 state where sales or use tax is collected. A permit  
26 is not assignable and is valid only for the person in  
27 whose name it is issued and for the transaction of  
28 business at the place designated or at a place of  
29 relocation within the state if the ownership remains  
30 the same.

31 If an applicant is making sales outside Iowa for  
32 use in this state or furnishing services outside Iowa,  
33 the product or result of which will be used in this  
34 state, that applicant shall be issued one use tax  
35 permit by the department applicable to these out-of-  
36 state sales or services.

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

39 5. If the holder of a permit fails to comply with  
40 any of the provisions of this subchapter or of  
41 subchapter II or III or any order or rule of the  
42 department adopted under those subchapters or is  
43 substantially delinquent in the payment of a tax  
44 administered by the department or the interest or  
45 penalty on the tax, or if the person is a corporation  
46 and if any officer having a substantial legal or  
47 equitable interest in the ownership of the corporation  
48 owes any delinquent tax of the permit-holding  
49 corporation, or interest or penalty on the tax,  
50 administered by the department, the director may

**S-3406**

-113-

**S-3406**

Page 114

1 revoke the permit. The director shall send notice by  
2 mail to a permit holder informing that person of the  
3 director's intent to revoke the permit and of the  
4 permit holder's right to a hearing on the matter. If  
5 the permit holder petitions the director for a hearing  
6 on the proposed revocation, after giving ten days'  
7 notice of the time and place of the hearing in  
8 accordance with section 17A.18, subsection 3, the  
9 matter may be heard and a decision rendered. The  
10 director may restore permits after revocation. The  
11 director shall adopt rules setting forth the period of  
12 time a retailer must wait before a permit may be  
13 restored or a new permit may be issued. The waiting  
14 period shall not exceed ninety days from the date of  
15 the revocation of the permit.

16 6. Sellers who are not regularly engaged in  
17 selling at retail and do not have a permanent place of  
18 business, but who are temporarily engaged in selling  
19 from trucks, portable roadside stands, concessionaires  
20 at state, county, district, or local fairs, carnivals,  
21 or the like, shall report and remit the sales tax on a  
22 temporary basis, under rules the director shall  
23 provide for the efficient collection of the sales tax.  
24 This subsection applies to sellers who are temporarily  
25 engaged in furnishing services.

26 Persons engaged in selling tangible personal  
27 property or furnishing services shall not be required  
28 to obtain or retain a sales tax permit for a place of  
29 business at which taxable sales of tangible personal  
30 property or taxable performance of services will not  
31 occur.

32 7. The provisions of subsection 1, dealing with  
33 the lawful right of a retailer to transact business,  
34 as applicable, apply to persons having receipts from  
35 furnishing services enumerated in section 423.2,  
36 except that a person holding a permit pursuant to  
37 subsection 1 shall not be required to obtain any  
38 separate sales tax permit for the purpose of engaging  
39 in business involving the services.

40 8. a. Except as provided in paragraph "b",  
41 purchasers, users, and consumers of tangible personal  
42 property or enumerated services taxed pursuant to  
43 subchapter II or III of this chapter or chapters 423B  
44 and 423E may be authorized, pursuant to rules adopted  
45 by the director, to remit tax owed directly to the  
46 department instead of the tax being collected and paid  
47 by the seller. To qualify for a direct pay tax  
48 permit, the purchaser, user, or consumer must accrue a  
49 tax liability of more than four thousand dollars in  
50 tax under subchapters II and III in a semimonthly

**S-3406**

-114-

**S-3406**

Page 115

1 period and make deposits and file returns pursuant to  
2 section 423.31. This authority shall not be granted  
3 or exercised except upon application to the director  
4 and then only after issuance by the director of a  
5 direct pay tax permit.

6 b. The granting of a direct pay tax permit is not  
7 authorized for any of the following:

8 (1) Taxes imposed on the sales, furnishing, or  
9 service of gas, electricity, water, heat, pay  
10 television service, and communication service.

11 (2) Taxes imposed under sections 423.26 and 423.27  
12 and chapter 423C.

13 Sec. 139. NEW SECTION. 423.37 FAILURE TO FILE  
14 SALES OR USE TAX RETURNS -- INCORRECT RETURNS.

15 1. As soon as practicable after a return is filed  
16 and in any event within three years after the return  
17 is filed, the department shall examine it, assess and  
18 determine the tax due if the return is found to be  
19 incorrect, and give notice to the person liable for  
20 the tax of the assessment and determination as  
21 provided in subsection 2. The period for the  
22 examination and determination of the correct amount of  
23 tax is unlimited in the case of a false or fraudulent  
24 return made with the intent to evade tax or in the  
25 case of a failure to file a return.

26 2. If a return required by this subchapter is not  
27 filed, or if a return when filed is incorrect or  
28 insufficient and the maker fails to file a corrected  
29 or sufficient return within twenty days after the same  
30 is required by notice from the department, the  
31 department shall determine the amount of tax due from  
32 information as the department may be able to obtain  
33 and, if necessary, may estimate the tax on the basis  
34 of external indices, such as number of employees of  
35 the person concerned, rentals paid by the person,  
36 stock on hand, or other factors. The department shall  
37 give notice of the determination to the person liable  
38 for the tax. The determination shall fix the tax  
39 unless the person against whom it is assessed shall,  
40 within sixty days after the giving of notice of the  
41 determination, apply to the director for a hearing or  
42 unless the taxpayer contests the determination by  
43 paying the tax, interest, and penalty and timely  
44 filing a claim for refund. At the hearing evidence  
45 may be offered to support the determination or to  
46 prove that it is incorrect. After the hearing the  
47 director shall give notice of the decision to the  
48 person liable for the tax.

49 3. The three-year period of limitation provided in  
50 subsection 1 may be extended by a taxpayer by signing

**S-3406**

**S-3406**

Page 116

1 a waiver agreement form to be provided by the  
2 department. The agreement shall stipulate the period  
3 of extension and the tax period to which the extension  
4 applies. The agreement shall also provide that a  
5 claim for refund may be filed by the taxpayer at any  
6 time during the period of extension.

7 Sec. 140. NEW SECTION. 423.38 JUDICIAL REVIEW.

8 1. Judicial review of actions of the director may  
9 be sought in accordance with the terms of the Iowa  
10 administrative procedure Act.

11 2. For cause and upon a showing by the director  
12 that collection of the tax in dispute is in doubt, the  
13 court may order the petitioner to file with the clerk  
14 a bond for the use of the respondent, with sureties  
15 approved by the clerk, in the amount of tax appealed  
16 from, conditioned that the petitioner shall perform  
17 the orders of the court.

18 3. An appeal may be taken by the taxpayer or the  
19 director to the supreme court of this state  
20 irrespective of the amount involved.

21 Sec. 141. NEW SECTION. 423.39 SERVICE OF  
22 NOTICES.

23 1. A notice authorized or required under this  
24 subchapter may be given by mailing the notice to the  
25 person for whom it is intended, addressed to that  
26 person at the address given in the last return filed  
27 by the person pursuant to this subchapter, or if no  
28 return has been filed, then to any address obtainable.  
29 The mailing of the notice is presumptive evidence of  
30 the receipt of the notice by the person to whom  
31 addressed. Any period of time which is determined  
32 according to this subchapter by the giving of notice  
33 commences to run from the date of mailing of the  
34 notice.

35 2. The provisions of the Code relative to the  
36 limitation of time for the enforcement of a civil  
37 remedy shall not apply to any proceeding or action  
38 taken to levy, appraise, assess, determine, or enforce  
39 the collection of any tax or penalty provided by this  
40 chapter.

41 Sec. 142. NEW SECTION. 423.40 PENALTIES --  
42 OFFENSES -- LIMITATION.

43 1. In addition to the sales or use tax or  
44 additional sales or use tax, the taxpayer shall pay a  
45 penalty as provided in section 421.27. The taxpayer  
46 shall also pay interest on the sales or use tax or  
47 additional sales or use tax at the rate in effect  
48 under section 421.7 for each month counting each  
49 fraction of a month as an entire month, computed from  
50 the date the semimonthly or monthly tax deposit form

**S-3406**

-116-



**S-3406**

Page 117

1 or return was required to be filed. The penalty and  
2 interest shall be paid to the department and disposed  
3 of in the same manner as other receipts under this  
4 subchapter. Unpaid penalties and interest may be  
5 enforced in the same manner as the taxes imposed by  
6 this chapter.

7 2. a. Any person who knowingly sells tangible  
8 personal property, tickets or admissions to places of  
9 amusement and athletic events, or gas, water,  
10 electricity, or communication service at retail, or  
11 engages in the furnishing of services enumerated in  
12 section 423.2, in this state without procuring a  
13 permit to collect tax, as provided in section 423.36,  
14 or who violates section 423.24 and the officers of any  
15 corporation who so act are guilty of a serious  
16 misdemeanor.

17 b. A person who knowingly sells tangible personal  
18 property, tickets or admissions to places of amusement  
19 and athletic events, or gas, water, electricity, or  
20 communication service at retail, or engages in the  
21 furnishing of services enumerated in section 423.2, in  
22 this state after the person's sales tax permit has  
23 been revoked and before it has been restored as  
24 provided in section 423.36, subsection 5, and the  
25 officers of any corporation who so act are guilty of  
26 an aggravated misdemeanor.

27 3. A person who willfully attempts in any manner  
28 to evade any tax imposed by this chapter or the  
29 payment of the tax or a person who makes or causes to  
30 be made a false or fraudulent semimonthly or monthly  
31 tax deposit form or return with intent to evade any  
32 tax imposed by subchapter II or III or the payment of  
33 the tax is guilty of a class "D" felony.

34 4. The certificate of the director to the effect  
35 that a tax has not been paid, that a return has not  
36 been filed, or that information has not been supplied  
37 pursuant to the provisions of this subchapter shall be  
38 prima facie evidence thereof.

39 5. A person required to pay sales or use tax, or  
40 to make, sign, or file a tax deposit form or return or  
41 supplemental return, who willfully makes a false or  
42 fraudulent tax deposit form or return, or willfully  
43 fails to pay at least ninety percent of the tax or  
44 willfully fails to make, sign, or file the tax deposit  
45 form or return, at the time required by law, is guilty  
46 of a fraudulent practice.

47 6. A prosecution for an offense specified in this  
48 section shall be commenced within six years after its  
49 commission.

50 Sec. 143. NEW SECTION. 423.41 BOOKS --

**S-3406**

-117-

**S-3406**

Page 118

1 EXAMINATION.

2 Every retailer required or authorized to collect  
3 taxes imposed by this chapter and every person using  
4 in this state tangible personal property, services, or  
5 the product of services shall keep records, receipts,  
6 invoices, and other pertinent papers as the director  
7 shall require, in the form that the director shall  
8 require, for as long as the director has the authority  
9 to examine and determine tax due. The director or any  
10 duly authorized agent of the department may examine  
11 the books, papers, records, and equipment of any  
12 person either selling tangible personal property or  
13 services or liable for the tax imposed by this  
14 chapter, and investigate the character of the business  
15 of any person in order to verify the accuracy of any  
16 return made, or if a return was not made by the  
17 person, ascertain and determine the amount due under  
18 this chapter. These books, papers, and records shall  
19 be made available within this state for examination  
20 upon reasonable notice when the director deems it  
21 advisable and so orders. The preceding requirements  
22 shall likewise apply to users and persons furnishing  
23 services enumerated in section 423.2.

24 Sec. 144. NEW SECTION. 423.42 STATUTES  
25 APPLICABLE.

26 1. The director shall administer the taxes imposed  
27 by subchapters II and III in the same manner and  
28 subject to all the provisions of, and all of the  
29 powers, duties, authority, and restrictions contained  
30 in, section 422.25, subsection 4, section 422.30, and  
31 sections 422.67 through 422.75.

32 2. All the provisions of section 422.26 shall  
33 apply in respect to the taxes and penalties imposed by  
34 subchapters II and III and this subchapter, except  
35 that, as applied to any tax imposed by subchapters II  
36 and III, the lien provided in section 422.26 shall be  
37 prior and paramount over all subsequent liens upon any  
38 personal property within this state, or right to such  
39 personal property, belonging to the taxpayer without  
40 the necessity of recording as provided in section  
41 422.26. The requirements for recording shall, as  
42 applied to the taxes imposed by subchapters II and  
43 III, apply only to the liens upon real property. When  
44 requested to do so by any person from whom a taxpayer  
45 is seeking credit, or with whom the taxpayer is  
46 negotiating the sale of any personal property, or by  
47 any other person having a legitimate interest in such  
48 information, the director shall, upon being satisfied  
49 that such a situation exists, inform that person as to  
50 the amount of unpaid taxes due by such taxpayer under

**S-3406**

-118-

**S-3406**

Page 119

1 the provisions of subchapters II and III. The giving  
2 of this information under these circumstances shall  
3 not be deemed a violation of section 422.72 as applied  
4 to subchapters II and III.

5 Sec. 145. NEW SECTION. 423.43 DEPOSIT OF REVENUE  
6 -- APPROPRIATIONS.

7 Except as otherwise provided in section 312.2,  
8 subsection 15, all revenues derived from the use tax  
9 on motor vehicles, trailers, and motor vehicle  
10 accessories and equipment as collected pursuant to  
11 sections 423.26 and 423.27 shall be deposited and  
12 credited to the road use tax fund and shall be used  
13 exclusively for the construction, maintenance, and  
14 supervision of public highways.

15 1. Notwithstanding any provision of this section  
16 which provides that all revenues derived from the use  
17 tax on motor vehicles, trailers, and motor vehicle  
18 accessories and equipment as collected pursuant to  
19 sections 423.26 and 423.27 shall be deposited and  
20 credited to the road use tax fund, eighty percent of  
21 the revenues shall be deposited and credited as  
22 follows:

23 a. Twenty-five percent of all such revenue, up to  
24 a maximum of four million two hundred fifty thousand  
25 dollars per quarter, shall be deposited into and  
26 credited to the Iowa comprehensive petroleum  
27 underground storage tank fund created in section  
28 455G.3, and the moneys so deposited are a continuing  
29 appropriation for expenditure under chapter 455G, and  
30 moneys so appropriated shall not be used for other  
31 purposes.

32 b. Any such revenues remaining shall be credited  
33 to the road use tax fund.

34 2. Notwithstanding any other provision of this  
35 section that provides that all revenue derived from  
36 the use tax on motor vehicles, trailers, and motor  
37 vehicle accessories and equipment as collected  
38 pursuant to section 423.26 shall be deposited and  
39 credited to the road use tax fund, twenty percent of  
40 the revenues shall be credited and deposited as  
41 follows: one-half to the road use tax fund and one-  
42 half to the primary road fund to be used for the  
43 commercial and industrial highway network.

44 3. All other revenue arising under the operation  
45 of this chapter shall be credited to the general fund  
46 of the state.

47 Sec. 146. NEW SECTION. 423.44 REIMBURSEMENT FOR  
48 PRIMARY ROAD FUND.

49 From moneys deposited into the road use tax fund,  
50 the department may credit to the primary road fund any

**S-3406**

**S-3406**

Page 120

1 amount of revenues derived from the use tax on motor  
2 vehicles, trailers, and motor vehicle accessories and  
3 equipment as collected pursuant to sections 423.26 and  
4 423.27 to the extent necessary to reimburse that fund  
5 for the expenditures not otherwise eligible to be made  
6 from the primary road fund, which are made for  
7 repairing, improving, and maintaining bridges over the  
8 rivers bordering the state. Expenditures for those  
9 portions of bridges within adjacent states may be  
10 included when they are made pursuant to an agreement  
11 entered into under section 313.63, 313A.34, or 314.10.  
12 Sec. 147. NEW SECTION. 423.45 REFUNDS --

13 EXEMPTION CERTIFICATES.

14 1. If an amount of tax represented by a retailer  
15 to a consumer or user as constituting tax due is  
16 computed upon a sales price that is not taxable or the  
17 amount represented is in excess of the actual taxable  
18 amount and the amount represented is actually paid by  
19 the consumer or user to the retailer, the excess  
20 amount of tax paid shall be returned to the consumer  
21 or user upon notification to the retailer by the  
22 department that an excess payment exists.

23 2. If an amount of tax represented by a retailer  
24 to a consumer or user as constituting tax due is  
25 computed upon a sales price that is not taxable or the  
26 amount represented is in excess of the actual taxable  
27 amount and the amount represented is actually paid by  
28 the consumer or user to the retailer, the excess  
29 amount of tax paid shall be returned to the consumer  
30 or user upon proper notification to the retailer by  
31 the consumer or user that an excess payment exists.  
32 "Proper" notification is written notification which  
33 allows a retailer at least sixty days to respond and  
34 which contains enough information to allow a retailer  
35 to determine the validity of a consumer's or user's  
36 claim that an excess amount of tax has been paid. No  
37 cause of action shall accrue against a retailer for  
38 excess tax paid until sixty days after proper notice  
39 has been given the retailer by the consumer or user.

40 3. In the circumstances described in subsections 1  
41 and 2, a retailer has the option to either return any  
42 excess amount of tax paid to a consumer or user, or to  
43 remit the amount which a consumer or user has paid to  
44 the retailer to the department.

45 4. a. The department shall issue or the seller  
46 may separately provide exemption certificates in the  
47 form prescribed by the director, including  
48 certificates not made of paper, which conform to the  
49 requirements of paragraph "c", to assist retailers in  
50 properly accounting for nontaxable sales of tangible

**S-3406**

-120-

**S-3406**

Page 121

1 personal property or services to purchasers for a  
2 nontaxable purpose. The department shall also allow  
3 the use of exemption certificates for those  
4 circumstances in which a sale is taxable but the  
5 seller is not obligated to collect tax from the buyer.

6 b. The sales tax liability for all sales of  
7 tangible personal property and all sales of services  
8 is upon the seller and the purchaser unless the seller  
9 takes in good faith from the purchaser a valid  
10 exemption certificate stating under penalty of perjury  
11 that the purchase is for a nontaxable purpose and is  
12 not a retail sale as defined in section 423.1, or the  
13 seller is not obligated to collect tax due, or unless  
14 the seller takes a fuel exemption certificate pursuant  
15 to subsection 5. If the tangible personal property or  
16 services are purchased tax free pursuant to a valid  
17 exemption certificate which is taken in good faith by  
18 the seller, and the tangible personal property or  
19 services are used or disposed of by the purchaser in a  
20 nonexempt manner, the purchaser is solely liable for  
21 the taxes and shall remit the taxes directly to the  
22 department and sections 423.31, 423.32, 423.37,  
23 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
24 to the purchaser.

25 c. A valid exemption certificate is an exemption  
26 certificate which is complete and correct according to  
27 the requirements of the director.

28 d. A valid exemption certificate is taken in good  
29 faith by the seller when the seller has exercised that  
30 caution and diligence which honest persons of ordinary  
31 prudence would exercise in handling their own business  
32 affairs, and includes an honesty of intention and  
33 freedom from knowledge of circumstances which ought to  
34 put one upon inquiry as to the facts. In order for a  
35 seller to take a valid exemption certificate in good  
36 faith, the seller must exercise reasonable prudence to  
37 determine the facts supporting the valid exemption  
38 certificate, and if any facts upon such certificate  
39 would lead a reasonable person to further inquiry,  
40 such inquiry must be made with an honest intent to  
41 discover the facts.

42 e. If the circumstances change and as a result the  
43 tangible personal property or services are used or  
44 disposed of by the purchaser in a nonexempt manner or  
45 the purchaser becomes obligated to pay the tax, the  
46 purchaser is liable solely for the taxes and shall  
47 remit the taxes directly to the department in  
48 accordance with this subsection.

49 5. a. The department shall issue or the seller  
50 may separately provide fuel exemption certificates in

**S-3406**

**S-3406**

Page 122

1 the form prescribed by the director.

2 b. For purposes of this subsection:

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

6 (2) "Fuel consumed in processing" means fuel used  
7 or consumed for processing including grain drying, for  
8 providing heat or cooling for livestock buildings or  
9 for greenhouses or buildings or parts of buildings  
10 dedicated to the production of flowering, ornamental,  
11 or vegetable plants intended for sale in the ordinary  
12 course of business, for use in aquaculture production,  
13 or for generating electric current, or in implements  
14 of husbandry engaged in agricultural production.

15 (3) "Fuel exemption certificate" means an  
16 exemption certificate given by the purchaser under  
17 penalty of perjury to assist retailers in properly  
18 accounting for nontaxable sales of fuel consumed in  
19 processing.

20 (4) "Substantial change" means a change in the use  
21 or disposition of tangible personal property and  
22 services by the purchaser such that the purchaser pays  
23 less than ninety percent of the purchaser's actual  
24 sales tax liability. A change includes a misstatement  
25 of facts in an application made pursuant to paragraph  
26 "d" or in a fuel exemption certificate.

27 c. The seller may accept a completed fuel  
28 exemption certificate, as prepared by the purchaser,  
29 for three years unless the purchaser files a new  
30 completed exemption certificate. If the fuel is  
31 purchased tax free pursuant to a fuel exemption  
32 certificate which is taken by the seller, and the fuel  
33 is used or disposed of by the purchaser in a nonexempt  
34 manner, the purchaser is solely liable for the taxes,  
35 and shall remit the taxes directly to the department  
36 and sections 423.31, 423.32, 423.37, 423.38, 423.39,  
37 423.40, 423.41, and 423.42 shall apply to the  
38 purchaser.

39 d. The purchaser may apply to the department for  
40 its review of the fuel exemption certificate. In this  
41 event, the department shall review the fuel exemption  
42 certificate within twelve months from the date of  
43 application and determine the correct amount of the  
44 exemption. If the amount determined by the department  
45 is different than the amount that the purchaser claims  
46 is exempt, the department shall promptly notify the  
47 purchaser of the determination. Failure of the  
48 department to make a determination within twelve  
49 months from the date of application shall constitute a  
50 determination that the fuel exemption certificate is

**S-3406**

**S-3406**

Page 123

1 correct as submitted. A determination of exemption by  
2 the department is final unless the purchaser appeals  
3 to the director for a revision of the determination  
4 within sixty days after the date of the notice of  
5 determination. The director shall grant a hearing,  
6 and upon the hearing, the director shall determine the  
7 correct exemption and notify the purchaser of the  
8 decision by mail. The decision of the director is  
9 final unless the purchaser seeks judicial review of  
10 the director's decision under section 423.38 within  
11 sixty days after the date of the notice of the  
12 director's decision. Unless there is a substantial  
13 change, the department shall not impose penalties  
14 pursuant to section 423.40 both retroactively to  
15 purchases made after the date of application and  
16 prospectively until the department gives notice to the  
17 purchaser that a tax or additional tax is due, for  
18 failure to remit any tax due which is in excess of a  
19 determination made under this section. A  
20 determination made by the department pursuant to this  
21 subsection does not constitute an audit for purposes  
22 of section 423.37.

23 e. If the circumstances change and the fuel is  
24 used or disposed of by the purchaser in a nonexempt  
25 manner, the purchaser is solely liable for the taxes  
26 and shall remit the taxes directly to the department  
27 in accordance with paragraph "c".

28 f. The purchaser shall attach documentation to the  
29 fuel exemption certificate which is reasonably  
30 necessary to support the exemption for fuel consumed  
31 in processing. If the purchaser files a new exemption  
32 certificate with the seller, documentation shall not  
33 be required if the purchaser previously furnished the  
34 seller with this documentation and substantial change  
35 has not occurred since that documentation was  
36 furnished or if fuel consumed in processing is  
37 separately metered and billed by the seller.

38 6. Nothing in this section authorizes any cause of  
39 action by any person to recover sales or use taxes  
40 directly from the state or extends any person's time  
41 to seek a refund of sales or use taxes which have been  
42 collected and remitted to the state.

43 Sec. 148. NEW SECTION. 423.46 RATE AND BASE  
44 CHANGES.

45 The department shall make a reasonable effort to  
46 provide sellers with as much advance notice as  
47 practicable of a rate change and to notify sellers of  
48 legislative changes in the tax base and amendments to  
49 sales and use tax rules. Failure of a seller to  
50 receive notice or failure of this state to provide

**S-3406**

-123-

**S-3406**

Page 124

1 notice or limit the effective date of a rate change  
2 shall not relieve the seller of its obligation to  
3 collect sales or use taxes for this state.

4 Sec. 149. NEW SECTION. 423.47 REFUNDS AND  
5 CREDITS.

6 If it shall appear that, as a result of mistake, an  
7 amount of tax, penalty, or interest has been paid  
8 which was not due under the provisions of this  
9 chapter, such amount shall be credited against any tax  
10 due, or to become due, on the books of the department  
11 from the person who made the erroneous payment, or  
12 such amount shall be refunded to such person by the  
13 department. A claim for refund or credit that has not  
14 been filed with the department within three years  
15 after the tax payment for which a refund or credit is  
16 claimed became due, or one year after such tax payment  
17 was made, whichever time is the later, shall not be  
18 allowed by the director.

19 SUBCHAPTER VI

20 SALES AND USE TAX ACT -- ADMINISTRATION OF  
21 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
22 AGREEMENT

23 Sec. 150. NEW SECTION. 423.48 RESPONSIBILITIES  
24 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

25 1. By registering under the agreement, the seller  
26 agrees to collect and remit sales and use taxes for  
27 all its taxable Iowa sales. Iowa's withdrawal from  
28 the agreement or revocation of its membership in the  
29 agreement shall not relieve a seller from its  
30 responsibility to remit taxes previously collected on  
31 behalf of this state.

32 2. The following provisions apply to any seller  
33 who registers under the agreement:

34 a. The seller may register on-line.

35 b. Registration under the agreement and the  
36 collection of Iowa sales and use taxes shall not be  
37 used as factors in determining whether the seller has  
38 nexus with Iowa for any tax.

39 c. If registered under the agreement with any  
40 other member state, the seller is considered to be  
41 registered in Iowa.

42 d. The seller is not required to pay registration  
43 fees or other charges.

44 e. A written signature from the seller is not  
45 required.

46 f. The seller may register by way of an agent.  
47 The agent's appointment shall be in writing and  
48 submitted to the department if requested by the  
49 department.

50 g. The seller may cancel its registration at any

**S-3406**



**S-3406**

Page 125

1 time under procedures adopted by the governing board  
2 established pursuant to the agreement. Cancellation  
3 does not relieve the seller of its liability for  
4 remitting any Iowa taxes collected.

5 3. The following additional responsibilities and  
6 rights apply to model sellers:

7 a. A model 1 seller's obligation to calculate,  
8 collect, and remit sales and use taxes shall be  
9 performed by its certified service provider, except  
10 for the seller's obligation to remit tax on its own  
11 purchases. As the seller's agent, the certified  
12 service provider is liable for its model 1 seller's  
13 sales and use tax due Iowa on all sales transactions  
14 it processes for the seller except as set out in this  
15 section. A seller that contracts with a certified  
16 service provider is not liable to the state for sales  
17 or use tax due on transactions processed by the  
18 certified service provider unless the seller  
19 misrepresents the types of items or services it sells  
20 or commits fraud. In the absence of probable cause to  
21 believe that the seller has committed fraud or made a  
22 material misrepresentation, the seller is not subject  
23 to audit on the transactions processed by the  
24 certified service provider. A model 1 seller is  
25 subject to audit for transactions not processed by the  
26 certified service provider. The director is  
27 authorized to perform a system check of the model 1  
28 seller and review the seller's procedures to determine  
29 if the certified service provider's system is  
30 functioning properly and the extent to which the  
31 seller's transactions are being processed by the  
32 certified service provider.

33 b. A model 2 seller shall calculate the amount of  
34 tax due on a transaction by the use of a certified  
35 automated system, but shall collect and remit tax on  
36 its own sales. A person that provides a certified  
37 automated system is responsible for the proper  
38 functioning of that system and is liable to this state  
39 for underpayments of tax attributable to errors in the  
40 functioning of the certified automated system. A  
41 seller that uses a certified automated system remains  
42 responsible and is liable to the state for reporting  
43 and remitting tax.

44 c. A model 3 seller shall use its own proprietary  
45 automated system to calculate tax due and collect and  
46 remit tax on its own sales. A model 3 seller is  
47 liable for the failure of its proprietary automated  
48 system to meet the applicable performance standard.

49 Sec. 151. NEW SECTION. 423.49 RETURNS.

50 1. All model 1, 2, or 3 sellers are subject to all

**S-3406**

-125-

**S-3406**

Page 126

1 of the following return requirements:

2 a. The seller is required to file only one return  
3 per month for this state and for all taxing  
4 jurisdictions within this state.

5 b. The date for filing returns shall be determined  
6 under rules adopted by the director. However, in no  
7 case shall the return be due earlier than the  
8 twentieth day of the following month.

9 c. The director shall request additional  
10 information returns. These returns shall not be  
11 required more frequently than every six months.

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

16 a. The seller is required to file a return within  
17 one year of the month of initial registration and  
18 shall file a return on an annual basis in succeeding  
19 years.

20 b. In addition to the return required in paragraph  
21 "a", if the seller accumulates more than one thousand  
22 dollars in total state and local tax, the seller is  
23 required to file a return in the following month.

24 c. The format of the return and the due date of  
25 the initial return and the annual return shall be  
26 determined under rules adopted by the department.

27 Sec. 152. NEW SECTION. 423.50 REMITTANCE OF  
28 FUNDS.

29 1. Only one remittance of tax per return is  
30 required except as provided in this subsection.  
31 Sellers that collect more than thirty thousand dollars  
32 in sales and use taxes for this state during the  
33 preceding calendar year shall be required to make  
34 additional remittances as required under rules adopted  
35 by the director. The filing of a return is not  
36 required with an additional remittance.

37 2. All remittances shall be remitted  
38 electronically.

39 3. Electronic payments may be made either by  
40 automated clearinghouse credit or automated  
41 clearinghouse debit. Any data accompanying a  
42 remittance must be formatted using uniform tax type  
43 and payment codes approved by the governing board  
44 established pursuant to the agreement. An alternative  
45 method for making same-day payments shall be  
46 determined under rules adopted by the director.

47 4. If a due date falls on a legal banking holiday  
48 in this state, the taxes are due on the succeeding  
49 business day.

50 Sec. 153. NEW SECTION. 423.51 ADMINISTRATION OF

**S-3406**

-126-

**S-3406**

Page 127

## 1 EXEMPTIONS.

2 1. The following provisions shall apply when a  
3 purchaser claims an exemption:

4 a. The seller shall obtain identifying information  
5 of the purchaser and the reason for claiming a tax  
6 exemption at the time of the purchase as determined by  
7 the member states acting jointly.

8 b. A purchaser is not required to provide a  
9 signature to claim an exemption from tax unless a  
10 paper certificate is used.

11 c. The seller shall use the standard form for  
12 claiming an exemption electronically as adopted  
13 jointly by the member states.

14 d. The seller shall obtain the same information  
15 for proof of a claimed exemption regardless of the  
16 medium in which the transaction occurred.

17 e. The department may authorize a system wherein  
18 the purchaser exempt from the payment of the tax is  
19 issued an identification number which shall be  
20 presented to the seller at the time of the sale.

21 f. The seller shall maintain proper records of  
22 exempt transactions and provide them to the department  
23 when requested.

24 g. The department shall administer entity-based  
25 and use-based exemptions when practicable through a  
26 direct pay tax permit, an exemption certificate, or  
27 another means that does not burden sellers. For the  
28 purposes of this paragraph:

29 (1) An "entity-based exemption" is an exemption  
30 based on who purchases the product or who sells the  
31 product.

32 (2) A "use-based exemption" is an exemption based  
33 on the purchaser's use of the product.

34 2. Sellers that follow the requirements of this  
35 section are relieved from any tax otherwise applicable  
36 if it is determined that the purchaser improperly  
37 claimed an exemption and that the purchaser is liable  
38 for the nonpayment of tax. This relief from liability  
39 does not apply to a seller who fraudulently fails to  
40 collect the tax or solicits purchasers to participate  
41 in the unlawful claim of an exemption.

42 Sec. 154. NEW SECTION. 423.52 RELIEF FROM  
43 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

44 Sellers and certified service providers are  
45 relieved from liability to this state or its local  
46 taxing jurisdictions for having charged and collected  
47 the incorrect amount of sales or use tax resulting  
48 from the seller or certified service provider relying  
49 on erroneous data provided by this state on tax rates,  
50 boundaries, or taxing jurisdiction assignments. If

**S-3406**

**S-3406**

Page 128

1 this state provides an address-based system for  
2 assigning taxing jurisdictions whether or not pursuant  
3 to the federal Mobile Telecommunications Sourcing Act,  
4 the director is not required to provide liability  
5 relief for errors resulting from reliance on the  
6 information provided by this state.

7 Sec. 155. NEW SECTION. 423.53 BAD DEBTS AND  
8 MODEL 1 SELLERS.

9 A certified service provider may claim, on behalf  
10 of a model 1 seller, any bad debt deduction as  
11 provided in section 423.21. The certified service  
12 provider must credit or refund the full amount of any  
13 bad debt deduction or refund received to the seller.

14 Sec. 156. NEW SECTION. 423.54 AMNESTY FOR  
15 REGISTERED SELLERS.

16 1. Subject to the limitations in subsections 2  
17 through 6, the following provisions apply:

18 a. Amnesty is provided for uncollected or unpaid  
19 sales or use tax to a seller who registers to pay or  
20 to collect and remit applicable sales or use tax on  
21 sales made to purchasers in this state in accordance  
22 with the terms of the agreement, provided the seller  
23 was not so registered in this state in the twelve-  
24 month period preceding the commencement of Iowa's  
25 participation in the agreement.

26 b. Amnesty precludes assessment of the seller for  
27 uncollected or unpaid sales or use tax together with  
28 penalty or interest for sales made during the period  
29 the seller was not registered in this state, provided  
30 registration occurs within twelve months of the  
31 commencement of Iowa's participation in the agreement.

32 c. Amnesty shall be provided to any seller  
33 lawfully registered under the agreement by any other  
34 member state prior to the date of the commencement of  
35 Iowa's participation in the agreement.

36 2. Amnesty is not available to a seller with  
37 respect to any matter or matters for which the seller  
38 received notice of the commencement of an audit and  
39 which audit is not yet finally resolved, including any  
40 related administrative and judicial processes.

41 3. Amnesty is not available for sales or use taxes  
42 already paid or remitted or to taxes collected by the  
43 seller.

44 4. Amnesty is fully effective absent the seller's  
45 fraud or intentional misrepresentation of a material  
46 fact as long as the seller continues registration and  
47 continues payment or collection and remittance of  
48 applicable sales or use taxes for a period of at least  
49 thirty-six months. The statute of limitations  
50 applicable to asserting a tax liability is tolled

**S-3406**

-128-

**S-3406**

Page 129

1 during this thirty-six month period.

2 5. Amnesty is applicable only to sales or use  
3 taxes due from a seller in its capacity as a seller  
4 and not to sales or use taxes due from a seller in its  
5 capacity as a buyer.

6 6. The director may allow amnesty on terms and  
7 conditions more favorable to a seller than the terms  
8 required by this section.

9 Sec. 157. NEW SECTION. 423.55 DATABASES.

10 The department shall provide and maintain databases  
11 required by the agreement for the benefit of sellers  
12 registered under the agreement.

13 Sec. 158. NEW SECTION. 423.56 CONFIDENTIALITY  
14 AND PRIVACY PROTECTIONS UNDER MODEL 1.

15 1. As used in this section:

16 a. "Anonymous data" means information that does  
17 not identify a person.

18 b. "Confidential taxpayer information" means all  
19 information that is protected under this state's laws,  
20 rules, and privileges.

21 c. "Personally identifiable information" means  
22 information that identifies a person.

23 2. With very limited exceptions, a certified  
24 service provider shall perform its tax calculation,  
25 remittance, and reporting functions without retaining  
26 the personally identifiable information of consumers.

27 3. A certified service provider may perform its  
28 services in this state only if the certified service  
29 provider certifies that:

30 a. Its system has been designed and tested to  
31 ensure that the fundamental precept of anonymity is  
32 respected.

33 b. Personally identifiable information is only  
34 used and retained to the extent necessary for the  
35 administration of model 1 sellers with respect to  
36 exempt purchasers.

37 c. It provides consumers clear and conspicuous  
38 notice of its information practices, including what  
39 information it collects, how it collects the  
40 information, how it uses the information, how long, if  
41 at all, it retains the information, and whether it  
42 discloses the information to member states. This  
43 notice shall be satisfied by a written privacy policy  
44 statement accessible by the public on the official web  
45 site of the certified service provider.

46 d. Its collection, use, and retention of  
47 personally identifiable information is limited to that  
48 required by the member states to ensure the validity  
49 of exemptions from taxation that are claimed by reason  
50 of a consumer's status or the intended use of the

**S-3406**

-129-

**S-3406**

Page 130

1 goods or services purchased.

2 e. It provides adequate technical, physical, and  
3 administrative safeguards so as to protect personally  
4 identifiable information from unauthorized access and  
5 disclosure.

6 4. The department shall provide public  
7 notification of its practices relating to the  
8 collection, use, and retention of personally  
9 identifiable information.

10 5. When any personally identifiable information  
11 that has been collected and retained by the department  
12 or certified service provider is no longer required  
13 for the purposes set forth in subsection 3, paragraph  
14 "d", that information shall no longer be retained by  
15 the department or certified service provider.

16 6. When personally identifiable information  
17 regarding an individual is retained by or on behalf of  
18 this state, this state shall provide reasonable access  
19 by such individual to his or her own information in  
20 the state's possession and a right to correct any  
21 inaccurately recorded information.

22 7. This privacy policy is subject to enforcement  
23 by the department and the attorney general.

24 8. This state's laws and rules regarding the  
25 collection, use, and maintenance of confidential  
26 taxpayer information remain fully applicable and  
27 binding. Without limitation, the agreement does not  
28 enlarge or limit the state's or department's authority  
29 to:

30 a. Conduct audits or other review as provided  
31 under the agreement and state law.

32 b. Provide records pursuant to its examination of  
33 public records law, disclosure laws of individual  
34 governmental agencies, or other regulations.

35 c. Prevent, consistent with state law, disclosures  
36 of confidential taxpayer information.

37 d. Prevent, consistent with federal law,  
38 disclosures or misuse of federal return information  
39 obtained under a disclosure agreement with the  
40 internal revenue service.

41 e. Collect, disclose, disseminate, or otherwise  
42 use anonymous data for governmental purposes.

43 9. This privacy policy does not preclude the  
44 certification of a certified service provider whose  
45 privacy policy is more protective of confidential  
46 taxpayer information or personally identifiable  
47 information than is required by the agreement.

48 Sec. 159. NEW SECTION. 423.57 STATUTES  
49 APPLICABLE.

50 The director shall administer this subchapter as it

**S-3406**

**S-3406**

Page 131

1 relates to the taxes imposed in this chapter in the  
2 same manner and subject to all the provisions of, and  
3 all of the powers, duties, authority, and restrictions  
4 contained in sections 423.14, 423.15, 423.16, 423.17,  
5 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
6 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
7 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
8 423.40, 423.41, and 423.42, section 423.43, subsection  
9 3, and sections 423.45, 423.46, and 423.47.

10 Sec. 160.

11 1. Sections 422.42 through 422.59, Code 2003, are  
12 repealed.

13 2. Chapter 423, Code 2003, is repealed.

14 COORDINATING AMENDMENTS

15 Sec. 161. Section 15.331A, Code 2003, is amended  
16 to read as follows:

17 15.331A SALES, SERVICES, AND USE TAX REFUND --  
18 CONTRACTOR OR SUBCONTRACTOR.

19 The eligible business or a supporting business  
20 shall be entitled to a refund of the sales and use  
21 taxes paid under ~~chapters 422 and~~ chapter 423 for gas,  
22 electricity, water, or sewer utility services, goods,  
23 wares, or merchandise, or on services rendered,  
24 furnished, or performed to or for a contractor or  
25 subcontractor and used in the fulfillment of a written  
26 contract relating to the construction or equipping of  
27 a facility within the economic development area of the  
28 eligible business or a supporting business. Taxes  
29 attributable to intangible property and furniture and  
30 furnishings shall not be refunded.

31 To receive the refund a claim shall be filed by the  
32 eligible business or a supporting business with the  
33 department of revenue and finance as follows:

34 1. The contractor or subcontractor shall state  
35 under oath, on forms provided by the department, the  
36 amount of the sales of goods, wares, or merchandise or  
37 services rendered, furnished, or performed including  
38 water, sewer, gas, and electric utility services for  
39 use in the economic development area upon which sales  
40 or use tax has been paid prior to the project  
41 completion, and shall file the forms with the eligible  
42 business or supporting business before final  
43 settlement is made.

44 2. The eligible business or a supporting business  
45 shall, not more than one year after project  
46 completion, make application to the department for any  
47 refund of the amount of the sales and use taxes paid  
48 pursuant to ~~chapter 422 or~~ 423 upon any goods, wares,  
49 or merchandise, or services rendered, furnished, or  
50 performed, including water, sewer, gas, and electric

**S-3406**

**S-3406**

Page 132

1 utility services. The application shall be made in  
2 the manner and upon forms to be provided by the  
3 department, and the department shall audit the claim  
4 and, if approved, issue a warrant to the eligible  
5 business or supporting business in the amount of the  
6 sales or use tax which has been paid to the state of  
7 Iowa under a contract. A claim filed by the eligible  
8 business or a supporting business in accordance with  
9 this section shall not be denied by reason of a  
10 limitation provision set forth in chapter 421, ~~422~~, or  
11 423.

12 3. A contractor or subcontractor who willfully  
13 makes a false report of tax paid under the provisions  
14 of this section is guilty of a simple misdemeanor and  
15 in addition is liable for the payment of the tax and  
16 any applicable penalty and interest.

17 Sec. 162. Section 15.334A, Code 2003, is amended  
18 to read as follows:

19 15.334A SALES AND USE TAX EXEMPTION.

20 An eligible business may claim an exemption from  
21 sales and use taxation under section ~~422.45~~ 423.3,  
22 subsection ~~27~~ 46, for property which is exempt from  
23 taxation under section 15.334, notwithstanding the  
24 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
25 46, or any other provision of the Code to the  
26 contrary.

27 Sec. 163. Section 15A.9, subsections 5, 6, and 7,  
28 Code 2003, are amended to read as follows:

29 5. PROPERTY TAX EXEMPTION.

30 a. All property, as defined in section 427A.1,  
31 subsection 1, paragraphs "e" and "j", Code 1993, used  
32 by the primary business or a supporting business and  
33 located within the zone, shall be exempt from property  
34 taxation for a period of twenty years beginning with  
35 the year it is first assessed for taxation. In order  
36 to be eligible for this exemption, the property shall  
37 be acquired or leased by the primary business or a  
38 supporting business or relocated by the primary  
39 business or a supporting business to the zone from  
40 outside the state prior to project completion.

41 b. Property which is exempt for property tax  
42 purposes under this subsection is eligible for the  
43 sales and use tax exemption under section ~~422.45~~  
44 423.3, subsection ~~27~~ 46, notwithstanding that  
45 subsection or any other provision of the Code to the  
46 contrary.

47 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
48 paid pursuant to chapter ~~422~~ or 423 on the ~~gross~~  
49 ~~receipts~~ sales price or rental price of property  
50 purchased or rented by the primary business or a

**S-3406**



**S-3406**

Page 133

1 supporting business for use by the primary business or  
2 a supporting business within the zone or on gas,  
3 electricity, water, and sewer utility services prior  
4 to project completion shall be refunded to the primary  
5 business or supporting business if the item was  
6 purchased or the service was performed or received  
7 prior to project completion. Claims under this  
8 section shall be submitted on forms provided by the  
9 department of revenue and finance not later than six  
10 months after project completion. The refund in this  
11 subsection shall not apply to furniture or  
12 furnishings, or intangible property.

13 7. SALES, SERVICES, AND USE TAX REFUND --  
14 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
15 a supporting business shall be entitled to a refund of  
16 the sales and use taxes paid under ~~chapters 422 and~~  
17 chapter 423 for gas, electricity, water, or sewer  
18 utility services, goods, wares, or merchandise, or on  
19 services rendered, furnished, or performed to or for a  
20 contractor or subcontractor and used in the  
21 fulfillment of a written contract relating to the  
22 construction or equipping of a facility within the  
23 zone of the primary business or a supporting business.  
24 Taxes attributable to intangible property and  
25 furniture and furnishings shall not be refunded.

26 To receive the refund a claim shall be filed by the  
27 primary business or a supporting business with the  
28 department of revenue and finance as follows:

29 a. The contractor or subcontractor shall state  
30 under oath, on forms provided by the department, the  
31 amount of the sales of goods, wares, or merchandise or  
32 services rendered, furnished, or performed including  
33 water, sewer, gas, and electric utility services for  
34 use in the zone upon which sales or use tax has been  
35 paid prior to the project completion, and shall file  
36 the forms with the primary business or supporting  
37 business before final settlement is made.

38 b. The primary business or a supporting business  
39 shall, not more than six months after project  
40 completion, make application to the department for any  
41 refund of the amount of the sales and use taxes paid  
42 pursuant to ~~chapter 422 or~~ 423 upon any goods, wares,  
43 or merchandise, or services rendered, furnished, or  
44 performed, including water, sewer, gas, and electric  
45 utility services. The application shall be made in  
46 the manner and upon forms to be provided by the  
47 department, and the department shall audit the claim  
48 and, if approved, issue a warrant to the primary  
49 business or supporting business in the amount of the  
50 sales or use tax which has been paid to the state of

**S-3406**

**S-3406**

Page 134

1 Iowa under a contract. A claim filed by the primary  
2 business or a supporting business in accordance with  
3 this subsection shall not be denied by reason of a  
4 limitation provision set forth in chapter 421, 422, or  
5 423.

6 c. A contractor or subcontractor who willfully  
7 makes a false report of tax paid under the provisions  
8 of this subsection is guilty of a simple misdemeanor  
9 and in addition is liable for the payment of the tax  
10 and any applicable penalty and interest.

11 Sec. 164. Section 28A.17, unnumbered paragraph 1,  
12 Code 2003, is amended to read as follows:

13 If an authority is established as provided in  
14 section 28A.6 and after approval of a referendum by a  
15 simple majority of votes cast in each metropolitan  
16 area in favor of the sales and services tax, the  
17 governing board of a county in this state within a  
18 metropolitan area which is part of the authority shall  
19 impose, at the request of the authority, a local sales  
20 and services tax at the rate of one-fourth of one  
21 percent on ~~gross receipts~~ the sales price taxed by  
22 this state under ~~chapter 422, division IV section~~  
23 423.2, within the metropolitan area located in this  
24 state. The referendum shall be called by resolution  
25 of the board and shall be held as provided in section  
26 28A.6 to the extent applicable. The ballot  
27 proposition shall contain a statement as to the  
28 specific purpose or purposes for which the revenues  
29 shall be expended and the date of expiration of the  
30 tax. The local sales and services tax shall be  
31 imposed on the same basis, with the same exceptions,  
32 and following the same administrative procedures as  
33 provided for a county under sections 422B.8 and  
34 422B.9. The amount of the sale, for the purposes of  
35 determining the amount of the local sales and services  
36 tax under this section, does not include the amount of  
37 any local sales and services tax imposed under  
38 sections 422B.8 and 422B.9.

39 Sec. 165. Section 29C.15, Code 2003, is amended to  
40 read as follows:

41 29C.15 TAX-EXEMPT PURCHASES.

42 All purchases under the provisions of this chapter  
43 shall be exempt from the taxes imposed by sections  
44 ~~422.43~~ 423.2 and ~~423.2~~ 423.5.

45 Sec. 166. Section 99E.10, subsection 1, paragraph  
46 b, Code 2003, is amended to read as follows:

47 b. An amount equal to the product of the state  
48 sales tax rate under section ~~422.43~~ 423.2 multiplied  
49 by the gross sales price of each ticket or share sold  
50 shall be deducted as the sales tax on the sale of that

**S-3406**

**S-3406**

Page 135

1 ticket or share, remitted to the treasurer of state  
2 and deposited into the state general fund.

3 Sec. 167. Section 123.187, subsection 2, Code  
4 2003, is amended to read as follows:

5 2. A winery licensed or permitted pursuant to laws  
6 regulating alcoholic beverages in a state which  
7 affords this state an equal reciprocal shipping  
8 privilege may ship into this state by private common  
9 carrier, to a person twenty-one years of age or older,  
10 not more than eighteen liters of wine per month, for  
11 consumption or use by the person. Such wine shall not  
12 be resold. Shipment of wine pursuant to this  
13 subsection is not subject to sales tax under section  
14 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or  
15 the wine gallonage tax under section 123.183, and does  
16 not require a refund value for beverage container  
17 control purposes under chapter 455C.

18 Sec. 168. Section 262.54, Code 2003, is amended to  
19 read as follows:

20 262.54 COMPUTER SALES.

21 Sales, by an institution under the control of the  
22 board of regents, of computer equipment, computer  
23 software, and computer supplies to students and  
24 faculty at the institution are retail sales under  
25 chapter ~~422, division IV~~ 423.

26 Sec. 169. Section 303.9, subsection 2, Code 2003,  
27 is amended to read as follows:

28 2. The department may sell mementos and other  
29 items relating to Iowa history and historic sites on  
30 the premises of property under control of the  
31 department and at the state capitol. Notwithstanding  
32 sections 18.12 and 18.16, the department may directly  
33 and independently enter into rental and lease  
34 agreements with private vendors for the purpose of  
35 selling mementos. All fees and income produced by the  
36 sales and rental or lease agreements shall be credited  
37 to the account of the department. The mementos and  
38 other items sold by the department or vendors under  
39 this subsection are exempt from section 18.6. ~~The~~  
40 ~~department is not a retailer under chapter 422 and the~~  
41 ~~sale of such mementos and other items by the~~  
42 ~~department is not a retail sale under chapter 422 and~~  
43 ~~is exempt from the sales tax.~~

44 Sec. 170. Section 312.1, subsection 4, Code 2003,  
45 is amended to read as follows:

46 4. To the extent provided in section ~~423.24~~  
47 ~~423.43~~, subsection 1, paragraph "b", from revenue  
48 derived from the use tax, under chapter 423 on motor  
49 vehicles, trailers, and motor vehicle accessories and  
50 equipment.

**S-3406**

-135-

**S-3406**

Page 136

1 Sec. 171. Section 312.2, subsections 14 and 16,  
2 Code 2003, are amended to read as follows:

3 14. The treasurer of state, before making the  
4 allotments provided for in this section, shall credit  
5 monthly from the road use tax fund to the general fund  
6 of the state from revenue credited to the road use tax  
7 fund under section ~~423.24~~ 423.43, subsection 1,  
8 paragraph "b", an amount equal to one-twentieth of  
9 eighty percent of the revenue from the operation of  
10 section ~~423.7~~ 423.26.

11 There is appropriated from the general fund of the  
12 state for each fiscal year to the state department of  
13 transportation the amount of revenues credited to the  
14 general fund of the state during the fiscal year under  
15 this subsection to be used for purposes of public  
16 transit assistance under chapter 324A.

17 16. The treasurer of state, before making the  
18 allotments provided for in this section, shall credit  
19 monthly from the road use tax fund to the motorcycle  
20 rider education fund established in section 321.180B,  
21 an amount equal to one dollar per year of license  
22 validity for each issued or renewed driver's license  
23 which is valid for the operation of a motorcycle.  
24 Moneys credited to the motorcycle rider education fund  
25 under this subsection shall be taken from moneys  
26 credited to the road use tax fund under section ~~423.24~~  
27 423.43.

28 Sec. 172. Section 321.20, subsection 5, Code 2003,  
29 is amended to read as follows:

30 5. The amount of tax to be paid under section  
31 ~~423.7~~ 423.26.

32 Sec. 173. Section 321.24, subsections 1 and 3,  
33 Code 2003, are amended to read as follows:

34 1. Upon receipt of the application for title and  
35 payment of the required fees for a motor vehicle,  
36 trailer, or semitrailer, the county treasurer or the  
37 department shall, when satisfied as to the  
38 application's genuineness and regularity, and, in the  
39 case of a mobile home or manufactured home, that taxes  
40 are not owing under chapter 435, issue a certificate  
41 of title and, except for a mobile home or manufactured  
42 home, a registration receipt, and shall file the  
43 application, the manufacturer's or importer's  
44 certificate, the certificate of title, or other  
45 evidence of ownership, as prescribed by the  
46 department. The registration receipt shall be  
47 delivered to the owner and shall contain upon its face  
48 the date issued, the name and address of the owner,  
49 the registration number assigned to the vehicle, the  
50 amount of the fee paid, the amount of tax paid

**S-3406**

-136-

**S-3406**

Page 137

1 pursuant to section ~~423.7~~ 423.26, the type of fuel  
2 used, and a description of the vehicle as determined  
3 by the department, and upon the reverse side a form  
4 for notice of transfer of the vehicle. The name and  
5 address of any lessee of the vehicle shall not be  
6 printed on the registration receipt or certificate of  
7 title. Up to three owners may be listed on the  
8 registration receipt and certificate of title.

9 3. The certificate of title shall contain upon its  
10 face the identical information required upon the face  
11 of the registration receipt. In addition, the  
12 certificate of title shall contain a statement of the  
13 owner's title, the title number assigned to the owner  
14 or owners of the vehicle, the amount of tax paid  
15 pursuant to section ~~423.7~~ 423.26, the name and address  
16 of the previous owner, and a statement of all security  
17 interests and encumbrances as shown in the  
18 application, upon the vehicle described, including the  
19 nature of the security interest, date of notation, and  
20 name and address of the secured party.

21 Sec. 174. Section 321.34, subsection 7, paragraph  
22 c, Code 2003, is amended to read as follows:

23 c. The fees for a collegiate registration plate  
24 are as follows:

25 (1) A registration fee of twenty-five dollars.

26 (2) A special collegiate registration fee of  
27 twenty-five dollars.

28 These fees are in addition to the regular annual  
29 registration fee. The fees collected by the director  
30 under this subsection shall be paid monthly to the  
31 treasurer of state and credited by the treasurer of  
32 state to the road use tax fund. Notwithstanding  
33 section ~~423.24~~ 423.43 and prior to the revenues being  
34 credited to the road use tax fund under section ~~423.24~~  
35 423.43, subsection 1, paragraph "b", the treasurer of  
36 state shall credit monthly from those revenues  
37 respectively, to Iowa state university of science and  
38 technology, the university of northern Iowa, and the  
39 state university of Iowa, the amount of the special  
40 collegiate registration fees collected in the previous  
41 month for collegiate registration plates designed for  
42 the university. The moneys credited are appropriated  
43 to the respective universities to be used for  
44 scholarships for students attending the universities.

45 Sec. 175. Section 321.34, subsection 11, paragraph  
46 c, Code 2003, is amended to read as follows:

47 c. The special natural resources fee for letter  
48 number designated natural resources plates is thirty-  
49 five dollars. The fee for personalized natural  
50 resources plates is forty-five dollars which shall be

**S-3406**

-137-

**S-3406**

Page 138

1 paid in addition to the special natural resources fee  
2 of thirty-five dollars. The fees collected by the  
3 director under this subsection shall be paid monthly  
4 to the treasurer of state and credited to the road use  
5 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
6 prior to the crediting of revenues to the road use tax  
7 fund under section ~~423.24~~ 423.43, subsection 1,  
8 paragraph "b", the treasurer of state shall credit  
9 monthly from those revenues to the Iowa resources  
10 enhancement and protection fund created pursuant to  
11 section 455A.18, the amount of the special natural  
12 resources fees collected in the previous month for the  
13 natural resources plates.

14 Sec. 176. Section 321.34, subsection 11A,  
15 paragraph c, Code 2003, is amended to read as follows:

16 c. The special fee for letter number designated  
17 love our kids plates is thirty-five dollars. The fee  
18 for personalized love our kids plates is twenty-five  
19 dollars, which shall be paid in addition to the  
20 special love our kids fee of thirty-five dollars. The  
21 fees collected by the director under this subsection  
22 shall be paid monthly to the treasurer of state and  
23 credited to the road use tax fund. Notwithstanding  
24 section ~~423.24~~ 423.43, and prior to the crediting of  
25 revenues to the road use tax fund under section ~~423.24~~  
26 423.43, subsection 1, paragraph "b", the treasurer of  
27 state shall transfer monthly from those revenues to  
28 the Iowa department of public health the amount of the  
29 special fees collected in the previous month for the  
30 love our kids plates. Notwithstanding section 8.33,  
31 moneys transferred under this subsection shall not  
32 revert to the general fund of the state.

33 Sec. 177. Section 321.34, subsection 11B,  
34 paragraph c, Code 2003, is amended to read as follows:

35 c. The special fee for letter number designated  
36 motorcycle rider education plates is thirty-five  
37 dollars. The fee for personalized motorcycle rider  
38 education plates is twenty-five dollars, which shall  
39 be paid in addition to the special motorcycle rider  
40 education fee of thirty-five dollars. The fees  
41 collected by the director under this subsection shall  
42 be paid monthly to the treasurer of state and credited  
43 to the road use tax fund. Notwithstanding section  
44 ~~423.24~~ 423.43, and prior to the crediting of revenues  
45 to the road use tax fund under section ~~423.24~~ 423.43,  
46 subsection 1, paragraph "b", the treasurer of state  
47 shall transfer monthly from those revenues to the  
48 department for use in accordance with section  
49 321.180B, subsection 6, the amount of the special fees  
50 collected in the previous month for the motorcycle

**S-3406**

-138-

**S-3406**

Page 139

1 rider education plates.

2 Sec. 178. Section 321.34, subsection 13, paragraph  
3 d, Code 2003, is amended to read as follows:

4 d. A state agency may submit a request to the  
5 department recommending a special registration plate.  
6 The alternate fee for letter number designated plates  
7 is thirty-five dollars with a ten dollar annual  
8 special renewal fee. The fee for personalized plates  
9 is twenty-five dollars which is in addition to the  
10 alternative fee of thirty-five dollars with an annual  
11 personalized plate renewal fee of five dollars which  
12 is in addition to the special renewal fee of ten  
13 dollars. The alternate fees are in addition to the  
14 regular annual registration fee. The alternate fees  
15 collected under this paragraph shall be paid monthly  
16 to the treasurer of state and credited to the road use  
17 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
18 prior to the crediting of the revenues to the road use  
19 tax fund under section ~~423.24~~ 423.43, subsection 1,  
20 paragraph "b", the treasurer of state shall credit  
21 monthly the amount of the alternate fees collected in  
22 the previous month to the state agency that  
23 recommended the special registration plate.

24 Sec. 179. Section 321.34, subsection 21, paragraph  
25 c, Code 2003, is amended to read as follows:

26 c. The special fees collected by the director  
27 under this subsection shall be paid monthly to the  
28 treasurer of state and credited to the road use tax  
29 fund. Notwithstanding section ~~423.24~~ 423.43, and  
30 prior to the crediting of revenues to the road use tax  
31 fund under section ~~423.24~~ 423.43, subsection 1,  
32 paragraph "b", the treasurer of state shall credit  
33 monthly to the Iowa heritage fund created under  
34 section 303.9A the amount of the special fees  
35 collected in the previous month for the Iowa heritage  
36 plates.

37 Sec. 180. Section 321.34, subsection 22, paragraph  
38 b, Code 2003, is amended to read as follows:

39 b. The special school transportation fee for  
40 letter number designated education plates is thirty-  
41 five dollars. The fee for personalized education  
42 plates is twenty-five dollars, which shall be paid in  
43 addition to the special school transportation fee of  
44 thirty-five dollars. The annual special school  
45 transportation fee is ten dollars for letter number  
46 designated registration plates and is fifteen dollars  
47 for personalized registration plates which shall be  
48 paid in addition to the regular annual registration  
49 fee. The fees collected by the director under this  
50 subsection shall be paid monthly to the treasurer of

**S-3406**

-139-

**S-3406**

Page 140

1 state and credited to the road use tax fund.  
2 Notwithstanding section ~~423.24~~ 423.43, and prior to  
3 the crediting of revenues to the road use tax fund  
4 under section ~~423.24~~ 423.43, subsection 1, paragraph  
5 "b", the treasurer of state shall transfer monthly  
6 from those revenues to the school budget review  
7 committee in accordance with section 257.31,  
8 subsection 17, the amount of the special school  
9 transportation fees collected in the previous month  
10 for the education plates.

11 Sec. 181. Section 321F.9, Code 2003, is amended to  
12 read as follows:

13 321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

14 Any person engaged in business in this state shall  
15 not enter into any agreement for the use of a motor  
16 vehicle under the terms of which ~~such~~ that person  
17 grants to another an option to purchase ~~such~~ the motor  
18 vehicle without first having obtained a motor vehicle  
19 dealer's license under the provisions of chapter 322,  
20 and all sales of motor vehicles under such options  
21 shall be subject to sales or use taxes imposed under  
22 the provisions of ~~chapters 422 and~~ chapter 423.

23 Nothing contained in this section shall require such  
24 person to have a place of business as provided by  
25 section 322.6, subsection 8.

26 Sec. 182. Section 327I.26, Code 2003, is amended  
27 to read as follows:

28 327I.26 APPROPRIATION TO AUTHORITY.

29 Notwithstanding section ~~423.24~~ 423.43, and prior to  
30 the application of section ~~423.24~~ 423.43, subsection  
31 1, paragraph "b", there shall be deposited into the  
32 general fund of the state and is appropriated to the  
33 authority from eighty percent of the revenues derived  
34 from the operation of section ~~423.7~~ 423.26, the  
35 amounts certified by the authority under section  
36 327I.25. However, the total amount deposited into the  
37 general fund and appropriated to the Iowa railway  
38 finance authority under this section shall not exceed  
39 two million dollars annually. Moneys appropriated to  
40 the Iowa railway finance authority under this section  
41 are appropriated only for the payment of principal and  
42 interest on obligations or the payment of leases  
43 guaranteed by the authority as provided under section  
44 327I.25.

45 Sec. 183. Section 328.26, unnumbered paragraph 2,  
46 Code 2003, is amended to read as follows:

47 When an aircraft is registered to a person for the  
48 first time the fee submitted to the department shall  
49 include the tax imposed by section ~~422.43~~ 423.2 or  
50 section ~~423.2~~ 423.5 or evidence of the exemption of

**S-3406**



**S-3406**

Page 141

1 the aircraft from the tax imposed under section ~~422.43~~  
2 ~~423.2~~ or ~~423.2~~ 423.5.

3 Sec. 184. Section 331.557, subsection 3, Code  
4 2003, is amended to read as follows:

5 3. Collect the use tax on vehicles subject to  
6 registration as provided in sections ~~423.6, 423.7, and~~  
7 ~~423.7A~~ 423.14, 423.26, and 423.27.

8 Sec. 185. Section 357A.15, unnumbered paragraph 2,  
9 Code 2003, is amended to read as follows:

10 A rural water district organized under chapter 504A  
11 shall receive a refund of sales or use taxes upon  
12 submitting an application to the department of revenue  
13 and finance for ~~such the~~ refund of taxes imposed upon  
14 the ~~gross receipts~~ sales price of all sales of  
15 building materials, supplies, or equipment sold to a  
16 contractor or used in the fulfillment of a written  
17 contract for the construction of facilities for ~~such~~  
18 the rural water district to the same extent as a rural  
19 water district organized under this chapter may obtain  
20 a refund under section ~~422.45~~ 423.4, subsection 7 1.

21 Sec. 186. Section 421.10, Code 2003, is amended to  
22 read as follows:

23 421.10 APPEAL PERIOD -- APPLICABILITY.

24 The appeal period for revision of assessment of  
25 tax, interest, and penalties set out under section  
26 ~~422.28, 422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
27 453A.29, or 453A.46 applies to appeals to notices from  
28 the department denying changes in filing methods,  
29 denying refund claims, and denying portions of refund  
30 claims for the tax covered by that section, and  
31 notices of any department action directed to a  
32 specific taxpayer, other than licensing, which  
33 involves a calculation.

34 Sec. 187. Section 421.17, subsection 22B, Code  
35 2003, is amended to read as follows:

36 22B. ~~Enter~~ To enter into agreements or compacts  
37 with remote sellers, retailers, or third-party  
38 providers for the voluntary collection of Iowa sales  
39 or use taxes attributable to sales into Iowa ~~and to~~  
40 ~~enter~~. The director has the authority to enter into  
41 and perform all duties required of the office of  
42 director by multistate agreements or compacts that  
43 provide for the voluntary collection of sales and use  
44 taxes, including joint audits with other states or  
45 audits on behalf of other states. The agreements or  
46 compacts shall generally conform to the provisions of  
47 Iowa sales and use tax statutes. All fees for  
48 services, reimbursements, remuneration, incentives,  
49 and costs incurred by the department associated with  
50 these agreements or compacts may be paid or reimbursed

**S-3406**

-141-

**S-3406**

Page 142

1 from the additional revenue generated. An amount is  
2 appropriated from amounts generated to pay or  
3 reimburse all costs associated with this subsection.  
4 Persons entering into an agreement or compact with the  
5 department pursuant to this subsection are subject to  
6 the requirements and penalties of the confidentiality  
7 laws of this state regarding tax information.

8 Notwithstanding any other provisions of law, the  
9 contract, agreement, or compact shall provide for the  
10 registration, collection, report, and verification of  
11 amounts subject to this subsection.

12 Sec. 188. Section 421.17, subsection 29, paragraph  
13 j, Code 2003, is amended to read as follows:

14 j. The department's existing right to credit  
15 against tax due or to become due under section 422.73  
16 or 423.47 is not to be impaired by a right granted to  
17 or a duty imposed upon the department or other state  
18 agency by this subsection. This subsection is not  
19 intended to impose upon the department any additional  
20 requirement of notice, hearing, or appeal concerning  
21 the right to credit against tax due under section  
22 422.73 or 423.47.

23 Sec. 189. Section 421.17, subsection 34, paragraph  
24 i, Code 2003, is amended to read as follows:

25 i. The director may distribute to credit reporting  
26 entities and for publication the names, addresses, and  
27 amounts of indebtedness owed to or being collected by  
28 the state if the indebtedness is subject to the  
29 centralized debt collection procedure established in  
30 this subsection. The director shall adopt rules to  
31 administer this paragraph, and the rules shall provide  
32 guidelines by which the director shall determine which  
33 names, addresses, and amounts of indebtedness may be  
34 distributed for publication. The director may  
35 distribute information for publication pursuant to  
36 this paragraph, notwithstanding sections 422.20,  
37 422.72, and ~~423.23~~ 423.42, or any other provision of  
38 state law to the contrary pertaining to  
39 confidentiality of information.

40 Sec. 190. Section 421.26, Code 2003, is amended to  
41 read as follows:

42 421.26 PERSONAL LIABILITY FOR TAX DUE.

43 If a licensee or other person under section  
44 452A.65, a retailer or purchaser under chapter 422A or  
45 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
46 retailer or purchaser under section ~~423.13~~ 423.32 or a  
47 user under section ~~423.14~~ 423.34 fails to pay a tax  
48 under those sections when due, an officer of a  
49 corporation or association, notwithstanding sections  
50 490A.601 and 490A.602, a member or manager of a

**S-3406**

-142-

**S-3406**

Page 143

1 limited liability company, or a partner of a  
2 partnership, having control or supervision of or the  
3 authority for remitting the tax payments and having a  
4 substantial legal or equitable interest in the  
5 ownership of the corporation, association, limited  
6 liability company, or partnership, who has  
7 intentionally failed to pay the tax is personally  
8 liable for the payment of the tax, interest, and  
9 penalty due and unpaid. However, this section shall  
10 not apply to taxes on accounts receivable. The  
11 dissolution of a corporation, association, limited  
12 liability company, or partnership shall not discharge  
13 a person's liability for failure to remit the tax due.

14 Sec. 191. Section 421.28, Code 2003, is amended to  
15 read as follows:

16 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

17 The immediate successor to a licensee's or  
18 retailer's business or stock of goods under chapter  
19 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
20 423.33 or 452A.65, is not personally liable for the  
21 amount of delinquent tax, interest, or penalty due and  
22 unpaid if the immediate successor shows that the  
23 purchase of the business or stock of goods was made in  
24 good faith that no delinquent tax, interest, or  
25 penalty was due and unpaid. For purposes of this  
26 section the immediate successor shows good faith by  
27 evidence that the department had provided the  
28 immediate successor with a certified statement that no  
29 delinquent tax, interest, or penalty is unpaid, or  
30 that the immediate successor had taken in good faith a  
31 certified statement from the licensee, retailer, or  
32 seller that no delinquent tax, interest, or penalty is  
33 unpaid. When requested to do so by a person with whom  
34 the licensee or retailer is negotiating the sale of  
35 the business or stock of goods, the director of  
36 revenue and finance shall, upon being satisfied that  
37 such a situation exists, inform that person as to the  
38 amount of unpaid delinquent tax, interest, or penalty  
39 due by the licensee or the retailer. The giving of  
40 the information under this circumstance is not a  
41 violation of section 422.20, 422.72, or 452A.63.

42 Sec. 192. Section 421B.11, unnumbered paragraph 3,  
43 Code 2003, is amended to read as follows:

44 Judicial review of the actions of the director may  
45 be sought in accordance with the terms of the Iowa  
46 administrative procedure Act, and section ~~422.55~~  
47 423.38.

48 Sec. 193. Section 422.7, subsection 21, paragraph  
49 a, subparagraph (1), unnumbered paragraph 1, Code  
50 2003, is amended to read as follows:

**S-3406**

-143-

**S-3406**

Page 144

1 Net capital gain from the sale of real property  
2 used in a business, in which the taxpayer materially  
3 participated for ten years, as defined in section  
4 469(h) of the Internal Revenue Code, and which has  
5 been held for a minimum of ten years, or from the sale  
6 of a business, as defined in section ~~422.42~~ 423.1, in  
7 which the taxpayer was employed or in which the  
8 taxpayer materially participated for ten years, as  
9 defined in section 469(h) of the Internal Revenue  
10 Code, and which has been held for a minimum of ten  
11 years. The sale of a business means the sale of all  
12 or substantially all of the tangible personal property  
13 or service of the business.

14 Sec. 194. Section 422.73, subsection 1, Code 2003,  
15 is amended by striking the subsection.

16 Sec. 195. Section 422A.1, unnumbered paragraphs 1,  
17 3, 7, and 8, Code 2003, are amended to read as  
18 follows:

19 A city or county may impose by ordinance of the  
20 city council or by resolution of the board of  
21 supervisors a hotel and motel tax, at a rate not to  
22 exceed seven percent, which shall be imposed in  
23 increments of one or more full percentage points upon  
24 the ~~gross receipts~~ sales price from the renting of  
25 sleeping rooms, apartments, or sleeping quarters in a  
26 hotel, motel, inn, public lodging house, rooming  
27 house, manufactured or mobile home which is tangible  
28 personal property, or tourist court, or in any place  
29 where sleeping accommodations are furnished to  
30 transient guests for rent, whether with or without  
31 meals; except the ~~gross receipts~~ sales price from the  
32 renting of sleeping rooms in dormitories and in  
33 memorial unions at all universities and colleges  
34 located in the state of Iowa and the guests of a  
35 religious institution if the property is exempt under  
36 section 427.1, subsection 8, and the purpose of  
37 renting is to provide a place for a religious retreat  
38 or function and not a place for transient guests  
39 generally. The tax when imposed by a city shall apply  
40 only within the corporate boundaries of that city and  
41 when imposed by a county shall apply only outside  
42 incorporated areas within that county. "Renting" and  
43 "rent" include any kind of direct or indirect charge  
44 for such sleeping rooms, apartments, or sleeping  
45 quarters, or their use. However, the tax does not  
46 apply to the ~~gross receipts~~ sales price from the  
47 renting of a sleeping room, apartment, or sleeping  
48 quarters while rented by the same person for a period  
49 of more than thirty-one consecutive days.

50 A local hotel and motel tax shall be imposed on

**S-3406**

**S-3406**

Page 145

1 January 1, April 1, July 1, or October 1, following  
2 the notification of the director of revenue and  
3 finance. Once imposed, the tax shall remain in effect  
4 at the rate imposed for a minimum of one year. A  
5 local hotel and motel tax shall terminate only on  
6 March 31, June 30, September 30, or December 31. At  
7 least ~~forty-five~~ sixty days prior to the tax being  
8 effective or prior to a revision in the tax rate, or  
9 prior to the repeal of the tax, a city or county shall  
10 provide notice by mail of such action to the director  
11 of revenue and finance.

12 No tax permit other than the state sales tax permit  
13 required under section ~~422.53~~ 423.36 may be required  
14 by local authorities.

15 The tax levied shall be in addition to any state  
16 sales tax imposed under section ~~422.43~~ 423.2. Section  
17 ~~422.25, subsection 4, sections 422.30, 422.48 to~~  
18 ~~422.52, 422.54 to 422.58, 422.67, and 422.68, section~~  
19 ~~422.69, subsection 1, and sections 422.70 to 422.75,~~  
20 section 423.14, subsection 1, and sections 423.23,  
21 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
22 423.42, and 423.47, consistent with the provisions of  
23 this chapter, apply with respect to the taxes  
24 authorized under this chapter, in the same manner and  
25 with the same effect as if the hotel and motel taxes  
26 were retail sales taxes within the meaning of those  
27 statutes. Notwithstanding this paragraph, the  
28 director shall provide for quarterly filing of returns  
29 ~~as prescribed in section 422.51~~ and for other than  
30 quarterly filing of returns both as prescribed in  
31 section ~~422.51, subsection 2~~ 423.31. The director may  
32 require all persons, as defined in section ~~422.42~~  
33 423.1, who are engaged in the business of deriving  
34 ~~gross receipts~~ any sales price subject to tax under  
35 this chapter, to register with the department.

36 Sec. 196. Section 422B.8, Code 2003, is amended to  
37 read as follows:

38 422B.8 LOCAL SALES AND SERVICES TAX.

39 A local sales and services tax at the rate of not  
40 more than one percent may be imposed by a county on  
41 the ~~gross receipts~~ sales price taxed by the state  
42 under chapter ~~422~~ 423, ~~division IV subchapter II~~. A  
43 local sales and services tax shall be imposed on the  
44 same basis as the state sales and services tax or in  
45 the case of the use of natural gas, natural gas  
46 service, electricity, or electric service on the same  
47 basis as the state use tax and shall not be imposed on  
48 the sale of any property or on any service not taxed  
49 by the state, except the tax shall not be imposed on  
50 the ~~gross receipts~~ sales price from the sale of motor

**S-3406**

**S-3406**

Page 146

1 fuel or special fuel as defined in chapter 452A which  
2 is consumed for highway use or in watercraft or  
3 aircraft if the fuel tax is paid on the transaction  
4 and a refund has not or will not be allowed, on the  
5 ~~gross receipts~~ sales price from the rental of rooms,  
6 apartments, or sleeping quarters which are taxed under  
7 chapter 422A during the period the hotel and motel tax  
8 is imposed, on the ~~gross receipts~~ sales price from the  
9 sale of equipment by the state department of  
10 transportation, on the ~~gross receipts~~ sales price from  
11 the sale of self-propelled building equipment, pile  
12 drivers, motorized scaffolding, or attachments  
13 customarily drawn or attached to self-propelled  
14 building equipment, pile drivers, and motorized  
15 scaffolding, including auxiliary attachments which  
16 improve the performance, safety, operation, or  
17 efficiency of the equipment and replacement parts and  
18 are directly and primarily used by contractors,  
19 subcontractors, and builders for new construction,  
20 reconstruction, alterations, expansion, or remodeling  
21 of real property or structures, and on the ~~gross~~  
22 ~~receipts~~ sales price from the sale of a lottery ticket  
23 or share in a lottery game conducted pursuant to  
24 chapter 99E and except the tax shall not be imposed on  
25 the ~~gross receipts~~ sales price from the sale or use of  
26 natural gas, natural gas service, electricity, or  
27 electric service in a city or county where the ~~gross~~  
28 ~~receipts~~ sales price from the sale of natural gas or  
29 electric energy are subject to a franchise fee or user  
30 fee during the period the franchise or user fee is  
31 imposed. A local sales and services tax is applicable  
32 to transactions within those incorporated and  
33 unincorporated areas of the county where it is imposed  
34 and shall be collected by all persons required to  
35 collect state ~~gross receipts~~ sales taxes. However, a  
36 person required to collect state retail sales tax  
37 under chapter ~~422~~ 423, ~~division IV~~ subchapter V or VI,  
38 is not required to collect local sales and services  
39 tax on transactions delivered within the area where  
40 the local sales and services tax is imposed unless the  
41 person has physical presence in that taxing area. All  
42 cities contiguous to each other shall be treated as  
43 part of one incorporated area and the tax would be  
44 imposed in each of those contiguous cities only if the  
45 majority of those voting in the total area covered by  
46 the contiguous cities favor its imposition.

47 The amount of the sale, for purposes of determining  
48 the amount of the local sales and services tax, does  
49 not include the amount of any state ~~gross receipts~~  
50 ~~taxes~~ sales tax.

**S-3406**

-146-

S-3406

Page 147

1 A tax permit other than the state sales tax permit  
2 required under section ~~422.53 or 423.10~~ 423.36 shall  
3 not be required by local authorities.

4 If a local sales and services tax is imposed by a  
5 county pursuant to this chapter, a local excise tax at  
6 the same rate shall be imposed by the county on the  
7 purchase price of natural gas, natural gas service,  
8 electricity, or electric service subject to tax under  
9 chapter 423, subchapter III, and not exempted from tax  
10 by any provision of chapter 423, subchapter III. The  
11 local excise tax is applicable only to the use of  
12 natural gas, natural gas service, electricity, or  
13 electric service within those incorporated and  
14 unincorporated areas of the county where it is imposed  
15 and, except as otherwise provided in this chapter,  
16 shall be collected and administered in the same manner  
17 as the local sales and services tax. For purposes of  
18 this chapter, "local sales and services tax" shall  
19 also include the local excise tax.

20 Sec. 197. Section 422B.9, subsections 1 and 2,  
21 Code 2003, are amended to read as follows:

22 1. a. A local sales and services tax shall be  
23 imposed either January 1 or July 1 following the  
24 notification of the director of revenue and finance  
25 but not sooner than ninety days following the  
26 favorable election and not sooner than sixty days  
27 following notice to sellers, as defined in section  
28 423.1. However, a jurisdiction which has voted to  
29 continue imposition of the tax may impose that tax  
30 without repeal of the prior tax.

31 b. A local sales and services tax shall be  
32 repealed only on June 30 or December 31 but not sooner  
33 than ninety days following the favorable election if  
34 one is held. However, a local sales and services tax  
35 shall not be repealed before the tax has been in  
36 effect for one year. At least forty days before the  
37 imposition or repeal of the tax, a county shall  
38 provide notice of the action by certified mail to the  
39 director of revenue and finance.

40 c. The imposition of or a rate change for a local  
41 sales and service tax shall not be applied to  
42 purchases from a printed catalog wherein a purchaser  
43 computes the local tax based on rates published in the  
44 catalog unless a minimum of one hundred twenty days'  
45 notice of the imposition or rate change has been given  
46 to the seller from the catalog and the first day of a  
47 calendar quarter has occurred on or after the one  
48 hundred twentieth day.

49 e. d. If a local sales and services tax has been  
50 imposed prior to April 1, 2000, and at the time of the

S-3406

-147-

S-3406

Page 148

1 election a date for repeal was specified on the  
2 ballot, the local sales and services tax may be  
3 repealed on that date, notwithstanding paragraph "b".

4 2. a. The director of revenue and finance shall  
5 administer a local sales and services tax as nearly as  
6 possible in conjunction with the administration of  
7 state ~~gross receipts~~ sales tax laws. The director  
8 shall provide appropriate forms or provide on the  
9 regular state tax forms for reporting local sales and  
10 services tax liability.

11 b. The ordinance of a county board of supervisors  
12 imposing a local sales and services tax shall adopt by  
13 reference the applicable provisions of the appropriate  
14 sections of ~~chapter 422, division IV, and chapter 423.~~  
15 All powers and requirements of the director to  
16 administer the state ~~gross receipts~~ sales tax law and  
17 use tax law are applicable to the administration of a  
18 local sales and services tax law and the local excise  
19 tax, including but not limited to, the provisions of  
20 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
21 ~~to 422.52, 422.54 to 422.58,~~ 422.67, and 422.68,  
22 section 422.69, subsection 1, sections 422.70 to  
23 422.75, 423.6, subsections 2 to 4, and sections 423.11  
24 to 423.18, and 423.21 section 423.14, subsection 1 and  
25 subsection 2, paragraphs "b" through "e", and sections  
26 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,  
27 423.37 to 423.42, 423.46, and 423.47. Local officials  
28 shall confer with the director of revenue and finance  
29 for assistance in drafting the ordinance imposing a  
30 local sales and services tax. A certified copy of the  
31 ordinance shall be filed with the director as soon as  
32 possible after passage.

33 c. Frequency of deposits and quarterly reports of  
34 a local sales and services tax with the department of  
35 revenue and finance are governed by the tax provisions  
36 in section ~~422.52~~ 423.31. Local tax collections shall  
37 not be included in computation of the total tax to  
38 determine frequency of filing under section ~~422.52~~  
39 423.31.

40 d. The director shall apply a boundary change of a  
41 county or city imposing or collecting the local sales  
42 and service tax to the imposition or collection of  
43 that tax only on the first day of a calendar quarter  
44 which occurs sixty days or more after the director has  
45 given notice of the boundary change to sellers.

46 Sec. 198. Section 422C.2, subsections 4 and 6,  
47 Code 2003, are amended to read as follows:

48 4. "Person" means person as defined in section  
49 ~~422.42~~ 423.1.

50 6. "Rental price" means the consideration for

S-3406

-148-



**S-3406**

Page 149

1 renting an automobile valued in money, and means the  
2 same as ~~"gross taxable services"~~ "sales price" as  
3 defined in section ~~422.42~~ 423.1.

4 Sec. 199. Section 422C.3, Code 2003, is amended to  
5 read as follows:

6 422C.3 TAX ON RENTAL OF AUTOMOBILES.

7 1. A tax of five percent is imposed upon the  
8 rental price of an automobile if the rental  
9 transaction is subject to the sales and services tax  
10 under chapter ~~422~~ 423, ~~division IV subchapter II~~, or  
11 the use tax under chapter 423, subchapter III. The  
12 tax shall not be imposed on any rental transaction not  
13 taxable under the state sales and services tax, as  
14 provided in section ~~422.45~~ 423.3, or the state use  
15 tax, as provided in section ~~423.4~~ 423.6, on automobile  
16 rental receipts.

17 2. The lessor shall collect the tax by adding the  
18 tax to the rental price of the automobile.

19 3. The tax, when collected, shall be stated as a  
20 distinct item separate and apart from the rental price  
21 of the automobile and the sales and services tax  
22 imposed under chapter ~~422~~ 423, ~~division IV subchapter~~  
23 II, or the use tax imposed under chapter 423,  
24 subchapter III.

25 Sec. 200. Section 422C.4, Code 2003, is amended to  
26 read as follows:

27 422C.4 ADMINISTRATION AND ENFORCEMENT.

28 All powers and requirements of the director of  
29 revenue and finance to administer the state ~~gross~~  
30 ~~receipts~~ sales tax law under chapter ~~422~~, ~~division IV~~,  
31 423 are applicable to the administration of the tax  
32 imposed under section 422C.3, including but not  
33 limited to section 422.25, subsection 4, sections  
34 ~~422.30, 422.48 through 422.52, 422.54 through 422.58,~~  
35 422.67, and 422.68, section 422.69, subsection 1, and  
36 sections 422.70 through 422.75, section 423.14,  
37 subsection 1, and sections 423.15, 423.23, 423.24,  
38 423.25, 423.31, 423.33, 423.35 and 423.37 through  
39 423.42, 423.45, 423.46, and 423.47. However, as an  
40 exception to the powers specified in section ~~422.52,~~  
41 ~~subsection 1~~ 423.31, the director shall only require  
42 the filing of quarterly reports.

43 Sec. 201. Section 422E.1, subsection 1, is amended  
44 to read as follows:

45 1. A local sales and services tax for school  
46 infrastructure purposes may be imposed by a county on  
47 behalf of school districts as provided in this  
48 chapter.

49 If a local sales and services tax for school  
50 infrastructure is imposed by a county pursuant to this

**S-3406**

S-3406

Page 150

1 chapter, a local excise tax for school infrastructure  
2 at the same rate shall be imposed by the county on the  
3 purchase price of natural gas, natural gas service,  
4 electricity, or electric service subject to tax under  
5 chapter 423, subchapter III, and not exempted from tax  
6 by any provision of chapter 423, subchapter III. The  
7 local excise tax for school infrastructure is  
8 applicable only to the use of natural gas, natural gas  
9 service, electricity, or electric service within those  
10 incorporated and unincorporated areas of the county  
11 where it is imposed and, except as otherwise provided  
12 in this chapter, shall be collected and administered  
13 in the same manner as the local sales and services tax  
14 for school infrastructure. For purposes of this  
15 chapter, "local sales and services tax for school  
16 infrastructure" shall also include the local excise  
17 tax for school infrastructure.

18 Sec. 202. Section 422E.3, subsections 1, 2, and 3,  
19 Code 2003, are amended to read as follows:

20 1. If a majority of those voting on the question  
21 of imposition of a local sales and services tax for  
22 school infrastructure purposes favors imposition of  
23 the tax, the tax shall be imposed by the county board  
24 of supervisors within the county pursuant to section  
25 422E.2, at the rate specified for a ten-year duration  
26 on the ~~gross receipts~~ sales price taxed by the state  
27 under chapter 422 ~~423, division IV subchapter II~~.

28 2. The tax shall be imposed on the same basis as  
29 the state sales and services tax or in the case of the  
30 use of natural gas, natural gas service, electricity,  
31 or electric service on the same basis as the state use  
32 tax and shall not be imposed on the sale of any  
33 property or on any service not taxed by the state,  
34 except the tax shall not be imposed on the ~~gross~~  
35 ~~receipts~~ sales price from the sale of motor fuel or  
36 special fuel as defined in chapter 452A which is  
37 consumed for highway use or in watercraft or aircraft  
38 if the fuel tax is paid on the transaction and a  
39 refund has not or will not be allowed, on the ~~gross~~  
40 ~~receipts~~ sales price from the rental of rooms,  
41 apartments, or sleeping quarters which are taxed under  
42 chapter 422A during the period the hotel and motel tax  
43 is imposed, on the ~~gross receipts~~ sales price from the  
44 sale of equipment by the state department of  
45 transportation, on the ~~gross receipts~~ sales price from  
46 the sale of self-propelled building equipment, pile  
47 drivers, motorized scaffolding, or attachments  
48 customarily drawn or attached to self-propelled  
49 building equipment, pile drivers, and motorized  
50 scaffolding, including auxiliary attachments which

S-3406

-150-

**S-3406**

Page 151

1 improve the performance, safety, operation, or  
2 efficiency of the equipment, and replacement parts and  
3 are directly and primarily used by contractors,  
4 subcontractors, and builders for new construction,  
5 reconstruction, alterations, expansion, or remodeling  
6 of real property or structures, and on the ~~gross~~  
7 ~~receipts~~ sales price from the sale of a lottery ticket  
8 or share in a lottery game conducted pursuant to  
9 chapter 99E and except the tax shall not be imposed on  
10 the ~~gross receipts~~ sales price from the sale or use of  
11 natural gas, natural gas service, electricity, or  
12 electric service in a city or county where the ~~gross~~  
13 ~~receipts~~ sales price from the sale of natural gas or  
14 electric energy are subject to a franchise fee or user  
15 fee during the period the franchise or user fee is  
16 imposed.

17 3. The tax is applicable to transactions within  
18 the county where it is imposed and shall be collected  
19 by all persons required to collect state ~~gross~~  
20 ~~receipts~~ sales or local excise taxes. However, a  
21 person required to collect state ~~retail~~ sales tax  
22 under chapter ~~422, division IV, 423~~ is not required to  
23 collect local sales and services tax on transactions  
24 delivered within the area where the local sales and  
25 services tax is imposed unless the person has physical  
26 presence in that taxing area. The amount of the sale,  
27 for purposes of determining the amount of the tax,  
28 does not include the amount of any state ~~gross~~  
29 ~~receipts~~ sales taxes or excise taxes or other local  
30 option sales or excise taxes. A tax permit other than  
31 the state tax permit required under section ~~422.53 or~~  
32 ~~423.10~~ 423.36 shall not be required by local  
33 authorities.

34 Sec. 203. Section 425.30, Code 2003, is amended to  
35 read as follows:

36 425.30 NOTICES.

37 Section ~~422.57~~ 423.39, subsection 1, shall apply to  
38 all notices under this division.

39 Sec. 204. Section 425.31, Code 2003, is amended to  
40 read as follows:

41 425.31 APPEALS.

42 Any person aggrieved by an act or decision of the  
43 director of revenue and finance or the department of  
44 revenue and finance under this division shall have the  
45 same rights of appeal and review as provided in  
46 sections 421.1 and ~~422.55~~ 423.38 and the rules of the  
47 department of revenue and finance.

48 Sec. 205. Section 452A.66, unnumbered paragraph 1,  
49 Code 2003, is amended to read as follows:

50 The appropriate state agency shall administer the

**S-3406**

**S-3406**

Page 152

1 taxes imposed by this chapter in the same manner as  
2 and subject to section 422.25, subsection 4 and  
3 section ~~422.52, subsection 3~~ 423.35.

4 Sec. 206. Section 455B.455, Code 2003, is amended  
5 to read as follows:

6 455B.455 SURCHARGE IMPOSED.

7 A land burial surcharge tax of two percent is  
8 imposed on the fee for land burial of a hazardous  
9 waste. The owner of the land burial facility shall  
10 remit the tax collected to the director of revenue and  
11 finance after consultation with the director according  
12 to rules that the director shall adopt. The director  
13 shall forward a copy of the site license to the  
14 director of revenue and finance which shall be the  
15 appropriate license for the collection of the land  
16 burial surcharge tax and shall be subject to  
17 suspension or revocation if the site license holder  
18 fails to collect or remit the tax collected under this  
19 section. The provisions of ~~sections~~ section 422.25,  
20 subsection 4, sections 422.30, 422.48 to 422.52,  
21 422.54 to 422.58, 422.67, and 422.68, section 422.69,  
22 subsection 1, and sections 422.70 to 422.75, section  
23 423.14, subsection 1, and sections 423.23, 423.24,  
24 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and  
25 423.47, consistent with the provisions of this part 6  
26 of division IV, shall apply with respect to the taxes  
27 authorized under this part, in the same manner and  
28 with the same effect as if the land burial surcharge  
29 tax were ~~retail~~ sales taxes within the meaning of  
30 those statutes. Notwithstanding the provisions of  
31 this ~~paragraph~~ section, the director shall provide for  
32 only quarterly filing of returns as prescribed in  
33 section ~~422.51~~ 423.31. Taxes collected by the  
34 director of revenue and finance under this section  
35 shall be deposited in the general fund of the state.

36 Sec. 207. Section 455G.3, subsection 1, Code 2003,  
37 is amended to read as follows:

38 1. The Iowa comprehensive petroleum underground  
39 storage tank fund is created as a separate fund in the  
40 state treasury, and any funds remaining in the fund at  
41 the end of each fiscal year shall not revert to the  
42 general fund but shall remain in the Iowa  
43 comprehensive petroleum underground storage tank fund.  
44 Interest or other income earned by the fund shall be  
45 deposited in the fund. The fund shall include moneys  
46 credited to the fund under this section, section  
47 ~~423.24~~ 423.43, subsection 1, paragraph "a", and  
48 sections 455G.8, 455G.9, and 455G.11, and other funds  
49 which by law may be credited to the fund. The moneys  
50 in the fund are appropriated to and for the purposes

**S-3406**

-152-

**S-3406**

Page 153

1 of the board as provided in this chapter. Amounts in  
2 the fund shall not be subject to appropriation for any  
3 other purpose by the general assembly, but shall be  
4 used only for the purposes set forth in this chapter.  
5 The treasurer of state shall act as custodian of the  
6 fund and disburse amounts contained in it as directed  
7 by the board including automatic disbursements of  
8 funds as received pursuant to the terms of bond  
9 indentures and documents and security provisions to  
10 trustees and custodians. The treasurer of state is  
11 authorized to invest the funds deposited in the fund  
12 at the direction of the board and subject to any  
13 limitations contained in any applicable bond  
14 proceedings. The income from such investment shall be  
15 credited to and deposited in the fund. The fund shall  
16 be administered by the board which shall make  
17 expenditures from the fund consistent with the  
18 purposes of the programs set out in this chapter  
19 without further appropriation. The fund may be  
20 divided into different accounts with different  
21 depositories as determined by the board and to fulfill  
22 the purposes of this chapter.

23 Sec. 208. Section 455G.6, subsection 4, Code 2003,  
24 is amended to read as follows:

25 4. Grant a mortgage, lien, pledge, assignment, or  
26 other encumbrance on one or more improvements,  
27 revenues, asset of right, accounts, or funds  
28 established or received in connection with the fund,  
29 including revenues derived from the use tax under  
30 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
31 and deposited in the fund or an account of the fund.

32 Sec. 209. Section 455G.8, subsection 2, Code 2003,  
33 is amended to read as follows:

34 2. USE TAX. The revenues derived from the use tax  
35 imposed under chapter 423, subchapter III. The  
36 proceeds of the use tax under section ~~423.24~~ 423.43,  
37 subsection 1, paragraph "a", shall be allocated,  
38 consistent with this chapter, among the fund's  
39 accounts, for debt service and other fund expenses,  
40 according to the fund budget, resolution, trust  
41 agreement, or other instrument prepared or entered  
42 into by the board or authority under direction of the  
43 board.

44 Sec. 210. Section 455G.9, subsection 2, Code 2003,  
45 is amended to read as follows:

46 2. REMEDIAL ACCOUNT FUNDING. The remedial account  
47 shall be funded by that portion of the proceeds of the  
48 use tax imposed under chapter 423, subchapter III, and  
49 other moneys and revenues budgeted to the remedial  
50 account by the board.

**S-3406**

-153-

**S-3406**

Page 154

1 Sec. 211. Section 2.67, Code 2003, is repealed.  
2 Sec. 212. CODE EDITOR DIRECTIVE. The Code editor  
3 is directed to transfer Code chapter 423A to Code  
4 chapter 421A and to transfer Code chapters 422A, 422B,  
5 422C, and 422E to Code chapters 423A, 423B, 423C, and  
6 423E, respectively. The Code editor is directed to  
7 correct Code references as required due to the changes  
8 made in this Act.

9 SALES TAX ADVISORY COUNCIL

10 Sec. 213. IOWA STREAMLINED SALES TAX ADVISORY  
11 COUNCIL.

12 1. An Iowa streamlined sales tax advisory council  
13 is created. The advisory council shall review, study,  
14 and submit recommendations to the Iowa streamlined  
15 sales and use tax delegation regarding the proposed  
16 streamlined sales and use tax agreement formalized by  
17 the project's implementing sales on November 12, 2002,  
18 the proposed language conforming Iowa's sales and use  
19 tax to the national agreement, and the following  
20 issues:

21 a. Uniform definitions proposed in the current  
22 streamlined sales and use tax agreement and future  
23 proposals.

24 b. Effects upon taxability of items newly defined  
25 in Iowa.

26 c. Impacts upon business as a result of the  
27 streamlined sales and use tax.

28 d. Technology implementation issues.

29 e. Any other issues that are brought before the  
30 streamlined sales and use tax implementing state or  
31 the streamlined sales and use tax governing board.

32 2. The department shall provide administrative  
33 support to the Iowa streamlined sales tax advisory  
34 council. The advisory council shall be representative  
35 of Iowa's business community and economy when  
36 reviewing and recommending solutions to streamlined  
37 sales and use tax issues. The advisory council shall  
38 provide the general assembly and the governor with  
39 final recommendations made to the Iowa streamlined  
40 sales and use tax delegation upon the conclusion of  
41 each calendar year.

42 3. The director of revenue, in consultation with  
43 the Iowa taxpayers association and the Iowa  
44 association of business and industry, shall appoint  
45 members to the Iowa streamlined sales tax advisory  
46 council, which shall consist of the following members:

47 a. One member from the department of revenue and  
48 finance.

49 b. Three members representing small Iowa  
50 businesses, at least one of whom must be a retailer,

**S-3406**

**S-3406**

Page 155

1 and at least one of whom shall be a supplier.

2 c. Three members representing medium Iowa  
3 businesses, at least one of whom shall be a retailer,  
4 and at least one of whom shall be a supplier.

5 d. Three members representing large Iowa  
6 businesses, at least one of whom shall be a retailer,  
7 and at least one of whom shall be a supplier.

8 e. One member representing taxpayers as a whole.

9 f. One member representing the retail community as  
10 a whole.

11 g. Any other member the director of revenue and  
12 finance deems appropriate.

13 Sec. 214. EFFECTIVE DATE. Except for the section  
14 creating the Iowa streamlined sales tax advisory  
15 council, this division of this Act takes effect July  
16 1, 2004.

## DIVISION XVI

## EFFECTIVE DATE

17  
18  
19 Sec. 215. EFFECTIVE DATE. Unless otherwise  
20 provided in this Act, this Act takes effect July 1,  
21 2003."

22 \_\_\_\_\_. Title page, by striking lines 1 through 15  
23 and inserting the following: "An Act relating to  
24 economic development, financial, taxation, and  
25 regulatory matters, making and revising  
26 appropriations, modifying penalties, providing a fee,  
27 and including effective, applicability, and  
28 retroactive applicability provisions."

**By** NEAL SCHUERER

**S-3406** FILED MAY 30, 2003

WITHDRAWN

EIGHTIETH GENERAL ASSEMBLY  
2003 EXTRAORDINARY SESSION  
DAILY  
HOUSE CLIP SHEET  
JUNE 2, 2003

SENATE AMENDMENT TO  
HOUSE FILE 683

H-1616

1 Amend House File 683, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "DIVISION I

6 STATE EMPLOYEE SALARIES

7 Section 1. 2003 Iowa Acts, Senate File 458,  
8 section 48, unnumbered paragraphs 1 and 2, if enacted,  
9 are amended to read as follows:

10 There is appropriated from the general fund of the  
11 state to the salary adjustment fund for distribution  
12 by the department of management to the various state  
13 departments, boards, commissions, councils, and  
14 agencies, and to the state board of regents for those  
15 persons employed at the state school for the deaf and  
16 the Iowa braille and sight saving school, for the  
17 fiscal year beginning July 1, 2003, and ending June  
18 30, 2004, the amount of ~~-\$28,000,000~~ \$30,000,000, or so  
19 much thereof as may be necessary, to fully fund annual  
20 pay adjustments, expense reimbursements, and related  
21 benefits implemented pursuant to the following:

22 Of the amount appropriated in this section,  
23 ~~-\$2,668,000~~ \$2,818,000 shall be allocated to the  
24 judicial branch for the purpose of funding annual pay  
25 adjustments, expense reimbursements, and related  
26 benefits implemented for judicial branch employees.  
27 In distributing the remainder of the amount  
28 appropriated in this section, the department of  
29 management, in order to address essential public  
30 protection functions and recognizing the availability  
31 of funds appropriated in other Acts of the general  
32 assembly and other sources, shall give priority, in  
33 descending order, to the department of corrections,  
34 department of human services, and department of public  
35 safety, and then to the remaining state departments,  
36 boards, commissions, councils, and agencies to which  
37 the appropriation is applicable.

38 Sec. 2. STATE COURTS -- JUSTICES, JUDGES, AND  
39 MAGISTRATES.

40 1. Of the amount allocated for the judicial branch  
41 in 2003 Iowa Acts, Senate File 458, section 48, if  
42 enacted, \$150,000 is allocated to fund the changes in  
43 this section to the salaries of justices, judges, and  
44 magistrates.

45 2. The following annual salary rates shall be paid  
46 to the persons holding the judicial positions  
47 indicated during the fiscal year beginning July 1,  
48 2003, effective with the pay period beginning December  
49 5, 2003, and for subsequent pay periods:

50 a. Chief justice of the supreme court:

H-1616



H-1616

Page 2

1	.....	\$	127,040
2	b. Each justice of the supreme court:		
3	.....	\$	122,500
4	c. Chief judge of the court of appeals:		
5	.....	\$	122,380
6	d. Each associate judge of the court of appeals:		
7	.....	\$	117,850
8	e. Each chief judge of a judicial district:		
9	.....	\$	116,760
10	f. Each district judge except the chief judge of a		
11	judicial district:		
12	.....	\$	112,010
13	g. Each district associate judge:		
14	.....	\$	97,610
15	h. Each associate juvenile judge:		
16	.....	\$	97,610
17	i. Each associate probate judge:		
18	.....	\$	97,610
19	j. Each judicial magistrate:		
20	.....	\$	29,100
21	k. Each senior judge:		
22	.....	\$	6,500

23 3. Persons receiving the salary rates established  
 24 under subsection 2 shall not receive any additional  
 25 salary adjustments provided by 2003 Iowa Acts, Senate  
 26 File 458, division V.

DIVISION II

APPROPRIATIONS AND APPROPRIATIONS REVISIONS

INSURANCE DIVISION

30 Sec. 3. INSURANCE STUDY. There is appropriated  
 31 from the general fund of the state to the department  
 32 of commerce for the fiscal year beginning July 1,  
 33 2003, and ending June 30, 2004, the following amount,  
 34 or so much thereof as is necessary, to be used for the  
 35 purpose designated:

36 For the insurance division to implement the school  
 37 health insurance reform team study in accordance with  
 38 2003 Iowa Acts, Senate File 386:

39	.....	\$	15,000
----	-------	----	--------

DEPARTMENT OF MANAGEMENT

41 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND  
 42 APPROPRIATION. There is appropriated from the general  
 43 fund of the state to the department of management for  
 44 the fiscal year beginning July 1, 2003, and ending  
 45 June 30, 2004, the following amount, or so much  
 46 thereof as is necessary, to be used for the purpose  
 47 designated:

48 For deposit in the local government innovation fund  
 49 created in section 8.64:

50	.....	\$	1,000,000
----	-------	----	-----------

H-1616

Page 3

1 Notwithstanding section 8.64, subsection 4, if  
 2 enacted by 2003 Iowa Acts, Senate File 453, section  
 3 27, the local government innovation fund committee may  
 4 provide up to 20 percent of the amount appropriated in  
 5 this section in the form of forgivable loans or as  
 6 grants for those projects that propose a new and  
 7 innovative sharing initiative that would serve as an  
 8 important model for cities and counties.

9 DEPARTMENT OF CORRECTIONS

10 Sec. 5. There is appropriated from the rebuild  
 11 Iowa infrastructure fund to the department of  
 12 corrections for the fiscal year beginning July 1,  
 13 2003, and ending June 30, 2004, the following amounts,  
 14 or so much thereof as is necessary, to be used for the  
 15 purposes designated:

- 16 1. For expansion of the Luster Heights facility  
 17 into a community-based corrections facility and an  
 18 institutional work and substance abuse treatment  
 19 center:  
 20 ..... \$ 92,000  
 21 2. For conversion of the Clarinda lodge into  
 22 minimum security bed space:  
 23 ..... \$ 730,400

24 Sec. 6. 2003 Iowa Acts, Senate File 439, section  
 25 4, subsection 1, paragraphs b and g, as enacted, are  
 26 amended to read as follows:

- 27 b. For the operation of the Anamosa correctional  
 28 facility, including salaries, support, maintenance,  
 29 employment of correctional officers and a part-time  
 30 chaplain to provide religious counseling to inmates of  
 31 a minority race, miscellaneous purposes, and for not  
 32 more than the following full-time equivalent  
 33 positions:  
 34 ..... \$ ~~24,531,917~~  
 35 ..... 25,196,085  
 36 ..... FTEs 375.75  
 37 ..... 385.25

38 Moneys are provided within this appropriation for  
 39 one full-time substance abuse counselor for the Luster  
 40 Heights facility, for the purpose of certification of  
 41 a substance abuse program at that facility. Of the  
 42 funds appropriated in this paragraph "b", \$664,168 is  
 43 allocated for implementation costs associated with  
 44 expansion of the Luster Heights facility.

- 45 g. For the operation of the Clarinda correctional  
 46 facility, including salaries, support, maintenance,  
 47 employment of correctional officers, miscellaneous  
 48 purposes, and for not more than the following full-  
 49 time equivalent positions:  
 50 ..... \$ ~~18,595,788~~

H-1616

H-1616

Page 4

1		19,389,220
2	..... FTEs	<u>291.76</u>
3		<u>304.58</u>

4 Moneys received by the department of corrections as  
 5 reimbursement for services provided to the Clarinda  
 6 youth corporation are appropriated to the department  
 7 and shall be used for the purpose of operating the  
 8 Clarinda correctional facility.

9 Of the funds appropriated in this paragraph "g",  
 10 \$793,432 is allocated for implementation costs  
 11 associated with expansion of the conversion of the  
 12 Clarinda lodge, with \$277,500 of the allocation for  
 13 one-time costs and \$515,932 for ongoing costs.

14 PUBLIC TRANSIT

15 Sec. 7. 2003 Iowa Acts, Senate File 458, section  
 16 8, if enacted, is amended to read as follows:

17 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.  
 18 Notwithstanding section 312.2, subsection 14, the  
 19 amount appropriated from the general fund of the state  
 20 under section 312.2, subsection 14, to the state  
 21 department of transportation for public transit  
 22 assistance under chapter 324A for the fiscal year  
 23 beginning July 1, 2003, and ending June 30, 2004, is  
 24 reduced by the following amount:

25	..... \$	<u>1,298,675</u>
26		<u>2,582,800</u>

27 OFFICE OF THE GOVERNOR

28 Sec. 8. 2003 Iowa Acts, House File 655, section 5,  
 29 subsection 1, if enacted, is amended to read as  
 30 follows:

31 1. GENERAL OFFICE

32 For salaries, support, maintenance, and  
 33 miscellaneous purposes for the general office of the  
 34 governor and the general office of the lieutenant  
 35 governor, and for not more than the following full-  
 36 time equivalent positions:

37	..... \$	<u>1,243,643</u>
38		<u>1,493,643</u>
39	..... FTEs	<u>17.25</u>
40		<u>19.25</u>

41 Of the amount appropriated in this section,  
 42 \$250,000 is allocated for two full-time equivalent  
 43 positions in the office of the governor that were  
 44 previously funded by other state departments and  
 45 agencies.

46 DEPARTMENT OF REVENUE

47 Sec. 9. 2003 Iowa Acts, House File 655, section  
 48 31, if enacted, is amended to read as follows:

49 SEC. 31. DEPARTMENT OF REVENUE. There is  
 50 appropriated from the general fund of the state to the

H-1616

H-1616

Page 5

1 department of revenue for the fiscal year beginning  
2 July 1, 2003, and ending June 30, 2004, the following  
3 amounts, or so much thereof as is necessary, to be  
4 used for the purposes designated, and for not more  
5 than the following full-time equivalent positions used  
6 for the purposes designated in subsection 1:

7 ..... FTEs 378.87  
8 ..... 380.87

9 Of the full-time equivalent positions authorized in  
10 this section, two full-time equivalent positions are  
11 allocated for new positions to assist in preparation  
12 of information for the revenue estimating conference  
13 and in improving the turnaround time for processing  
14 corporate tax filings.

15 1. COMPLIANCE -- INTERNAL RESOURCES MANAGEMENT --  
16 STATE FINANCIAL MANAGEMENT -- STATEWIDE PROPERTY TAX  
17 ADMINISTRATION

18 For salaries, support, maintenance, and  
19 miscellaneous purposes:

20 ..... \$ ~~23,259,111~~  
21 ..... 23,359,111

22 Of the funds appropriated pursuant to this  
23 subsection, \$400,000 shall be used to pay the direct  
24 costs of compliance related to the collection and  
25 distribution of local sales and services taxes imposed  
26 pursuant to chapters 422B and 422E.

27 The director of revenue shall prepare and issue a  
28 state appraisal manual and the revisions to the state  
29 appraisal manual as provided in section 421.17,  
30 subsection 18, without cost to a city or county.

31 2. COLLECTION COSTS AND FEES

32 For payment of collection costs and fees pursuant  
33 to section 422.26:

34 ..... \$ 28,166

35 DEPARTMENT OF PUBLIC HEALTH

36 Sec. 10. 2003 Iowa Acts, House File 667, section  
37 2, subsection 8, as enacted, is amended to read as  
38 follows:

39 8. INFECTIOUS DISEASES

40 For reducing the incidence and prevalence of  
41 communicable diseases, and for not more than the  
42 following full-time equivalent positions:

43 ..... \$ 977,340  
44 ..... 1,074,888  
45 ..... FTEs 36.90

46 DIVISION III

47 MISCELLANEOUS PROVISIONS

48 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE -- REVIEW  
49 OF CONTINUING CARE RETIREMENT COMMUNITIES -- ASSISTED  
50 LIVING PROGRAM APPLICABILITY. The government

H-1616

**H-1616**

Page 6

1 oversight committees shall review the application of  
2 chapter 231C, relating to assisted living programs, to  
3 continuing care retirement communities, as defined in  
4 section 523D.1. The committees shall submit  
5 recommendations for any legislation deemed necessary  
6 for consideration during the 2004 regular legislative  
7 session.

8 Sec. 12. Section 15E.193B, subsection 4, Code  
9 2003, as amended by 2003 Iowa Acts, Senate File 458,  
10 section 100, if enacted, is amended to read as  
11 follows:

12 4. The eligible housing business shall complete  
13 its building or rehabilitation within two years from  
14 the time the business begins construction on the  
15 single-family homes and dwelling units. The failure  
16 to complete construction or rehabilitation within two  
17 years shall result in the eligible housing business  
18 becoming ineligible and subject to the repayment  
19 requirements and penalties enumerated in subsection 7.  
20 The department may extend the prescribed two-year  
21 completion period for any current or future project  
22 which has not been completed if the department  
23 determines that completion within the two-year period  
24 is impossible or impractical as a result of a  
25 substantial loss caused by flood, fire, earthquake,  
26 storm, or other catastrophe. For purposes of this  
27 subsection, "substantial loss" means damage or  
28 destruction in an amount in excess of thirty percent  
29 of the project's expected eligible basis as set forth  
30 in the eligible housing business's application.

31 Sec. 13. Section 215.14, Code 2003, is amended to  
32 read as follows:

33 215.14 APPROVAL BY DEPARTMENT.

34 A commercial weighing and measuring device shall  
35 not be installed in this state unless approved by the  
36 department. ~~All livestock scales and~~

37 1. A pit type scales scale or any other scale  
38 installed in a pit, regardless of capacity, that is  
39 installed on or after July 1, 1990, shall have a  
40 clearance of not less than four feet from the finished  
41 floor line of the scale to the bottom of the "I" beam  
42 of the scale bridge. Livestock shall not be weighed  
43 on any scale other than a livestock scale or pit type  
44 scale.

45 2. An electronic pitless scale shall be placed on  
46 concrete footings with concrete floor. The concrete  
47 floor shall allow for adequate drainage away from the  
48 scale as required by the department. There shall be a  
49 clearance of not less than eight inches between the  
50 weigh bridge and the concrete floor to facilitate

**H-1616**

**H-1616**

Page 7

1 inspection and cleaning.

2 3. After approval by the department, the  
3 specifications for a commercial weighing and measuring  
4 device shall be furnished to the purchaser of the  
5 device by the manufacturer. The approval shall be  
6 based upon the recommendation of the United States  
7 national institute of standards and technology.

8 Sec. 14. Section 231C.17, subsection 4, if enacted  
9 by 2003 Iowa Acts, House File 675, section 24, is  
10 amended by striking the subsection and inserting in  
11 lieu thereof the following:

12 4. A continuing care retirement community, as  
13 defined in section 523D.1, may provide limited  
14 personal care services and emergency response services  
15 to its independent living tenants if all of the  
16 following conditions are met:

17 a. The provision of such personal care services or  
18 emergency response services does not result in  
19 inadequate staff coverage to meet the service needs of  
20 all tenants of the continuing care retirement  
21 community.

22 b. The staff providing the personal care or  
23 emergency response services is trained or qualified to  
24 the extent necessary to provide such services.

25 c. The continuing care retirement community  
26 documents the date, time, and nature of the personal  
27 care or emergency response services provided.

28 d. Emergency response services are only provided  
29 in situations which constitute an urgent need for  
30 immediate action or assistance due to unforeseen  
31 circumstances.

32 This subsection shall not be construed to prohibit  
33 an independent living tenant of a continuing care  
34 retirement community from contracting with a third  
35 party for personal care or emergency response  
36 services.

37 Sec. 15. NEW SECTION. 237A.25 CONSUMER  
38 INFORMATION.

39 1. The department shall develop consumer  
40 information material to assist parents in selecting a  
41 child care provider. In developing the material, the  
42 department shall consult with department of human  
43 services staff, department of education staff, the  
44 state child care advisory council, the Iowa  
45 empowerment board, and child care resource and  
46 referral services. In addition, the department may  
47 consult with other entities at the local, state, and  
48 national level.

49 2. The consumer information material developed by  
50 the department for parents and other consumers of

**H-1616**

**H-1616**

Page 8

1 child care services shall include but is not limited  
2 to all of the following:  
3 a. A pamphlet or other printed material containing  
4 consumer-oriented information on locating a quality  
5 child care provider.  
6 b. Information explaining important considerations  
7 a consumer should take into account in selecting a  
8 licensed or registered child care provider.  
9 c. Information explaining how a consumer can  
10 identify quality services, including what questions to  
11 ask of providers and what a consumer might expect or  
12 demand to know before selecting a provider.  
13 d. An explanation of the applicable laws and  
14 regulations written in layperson's terms.  
15 e. An explanation of what it means for a provider  
16 to be licensed, registered, or unregistered.  
17 f. An explanation of the information considered in  
18 registry and record background checks.  
19 g. Other information deemed relevant to consumers.  
20 3. The department shall implement and publicize an  
21 internet page or site that provides all of the  
22 following:  
23 a. The written information developed pursuant to  
24 subsections 1 and 2.  
25 b. Regular informational updates, including when a  
26 child care provider was last subject to a state  
27 quality review or inspection and, based upon a final  
28 score or review, the results indicating whether the  
29 provider passed or failed the review or inspection.  
30 c. Capability for a consumer to be able to access  
31 information concerning child care providers, such as  
32 informational updates, identification of provider  
33 location, name, and capacity, and identification of  
34 providers participating in the state child care  
35 assistance program and those participating in the  
36 child care food program, by sorting the information or  
37 employing other means that provide the information in  
38 a manner that is useful to the consumer. Information  
39 regarding provider location shall identify providers  
40 located in the vicinity of an address selected by a  
41 consumer and provide contact information without  
42 listing the specific addresses of the providers.  
43 d. Other information deemed appropriate by the  
44 department.  
45 Sec. 16. Section 384.84, Code 2003, is amended by  
46 adding the following new subsection:  
47 NEW SUBSECTION. 9. Notwithstanding subsection 3,  
48 a lien shall not be filed against the land if the  
49 premises are located on leased land. If the premises  
50 are located on leased land, a lien may be filed

**H-1616**

-8-

**H-1616**

Page 9

1 against the premises only.

2 Sec. 17. Section 422E.3A, subsection 2, paragraph  
3 a, if enacted by 2003 Iowa Acts, Senate File 445,  
4 section 8, is amended to read as follows:

5 a. A school district that is located in whole or  
6 in part in a county that voted on and approved prior  
7 to April 1, 2003, the local sales and services tax for  
8 school infrastructure purposes and that has a sales  
9 tax capacity per student above the guaranteed school  
10 infrastructure amount shall receive for the remainder  
11 of the term of the tax an amount equal to its pro rata  
12 share of the local sales and services tax receipts as  
13 provided in section 422E.3, subsection 5, paragraph  
14 "d", unless the school board passes a resolution by  
15 October 1, 2003, agreeing to receive a distribution  
16 pursuant to paragraph "b", subparagraph (1).

17 Sec. 18. Section 422E.3A, subsection 2, paragraph  
18 b, subparagraph (1), if enacted by 2003 Iowa Acts,  
19 Senate File 445, section 8, is amended to read as  
20 follows:

21 (1) A school district that is located in whole or  
22 in part in a county that voted on and approved prior  
23 to April 1, 2003, the local sales and services tax for  
24 school infrastructure purposes and that has a sales  
25 tax capacity per student below its guaranteed school  
26 infrastructure amount shall receive for the remainder  
27 of the term of the tax an amount equal to its pro rata  
28 share of the local sales and services tax receipts as  
29 provided in section 422E.3, subsection 5, paragraph  
30 "d", plus an amount equal to its supplemental school  
31 infrastructure amount, unless the school district  
32 passes a resolution by October 1, 2003, agreeing to  
33 receive only an amount equal to its pro rata share as  
34 provided in section 422E.3, subsection 5, paragraph  
35 "d", in all subsequent years.

36 Sec. 19. Section 435.26A, subsection 5, as enacted  
37 by 2003 Iowa Acts, Senate File 134, section 7, and as  
38 amended by 2003 Iowa Acts, Senate File 458, section  
39 128, if enacted, is amended to read as follows:

40 5. An owner of a manufactured home who has  
41 surrendered a certificate of title under this section  
42 and requires another certificate of title for the  
43 manufactured home is required to apply for a  
44 certificate of title under ~~section 321.42~~ chapter 321.  
45 If supporting documents for the reissuance of a title  
46 are not available or sufficient, the procedure for the  
47 reissuance of a title specified in the rules of the  
48 department of transportation shall be used.

49 Sec. 20. Section 459.315, Code 2003, as amended by  
50 2003 Iowa Acts, House File 644, if enacted, is amended

**H-1616**



**H-1616**

Page 10

1 by adding the following new subsection:

2 NEW SUBSECTION. 4A. This section shall not  
3 require a person to be certified as a confinement site  
4 manure applicator if the person applies manure which  
5 originates from a manure storage structure which is  
6 part of a small animal feeding operation.

7 Sec. 21. Section 508.31A, subsection 2, paragraph  
8 a, subparagraph (4), as enacted by 2003 Iowa Acts,  
9 House File 647, section 7, is amended to read as  
10 follows:

11 (4) A person other than a natural person for the  
12 purpose of providing collateral security for  
13 securities ~~issued by such person and~~ registered with  
14 the federal securities and exchange commission.

15 Sec. 22. 2003 Iowa Acts, Senate File 401, section  
16 5, subsection 1, is amended to read as follows:

17 1. Notwithstanding any provision of law to the  
18 contrary, the section of this Act creating section  
19 453A.2, subsection 5A, is applicable to violations  
20 pending on the effective date of this Act for which a  
21 penalty has not been assessed under section 453A.22,  
22 subsection 2. Notwithstanding this subsection,  
23 however, if a county health department, a city health  
24 department, or a city assesses a penalty under section  
25 453A.22, subsection 2, on or after April 11, 2003 but  
26 prior to June 30, 2003, for a violation of section  
27 453A.2, subsection 1, which was pending on April 11,  
28 2003, the county health department, city health  
29 department or city assessing the penalty shall be  
30 deemed to have jurisdiction to assess the penalty and  
31 the penalty assessed is deemed valid.

32 Sec. 23. 2003 Iowa Acts, Senate File 453, section  
33 31, subsection 1, if enacted, is amended to read as  
34 follows:

35 1. In lieu of applying a charge for capital assets  
36 to the institutions under the control of the state  
37 board of regents as otherwise provided in this  
38 division for executive branch agencies, the  
39 appropriations made from the general fund of the state  
40 to the state board of regents for the ~~general~~  
41 ~~university~~ operating budgets at the state university  
42 of Iowa, Iowa state university of science and  
43 technology, and university of northern Iowa, in 2003  
44 Iowa Acts, House File 662, section 9, subsections 2,  
45 3, and 4, are reduced by \$17,880,000. ~~The state board~~  
46 ~~of regents shall apply the reduction as follows: state~~  
47 ~~university of Iowa, 46.7 percent, Iowa state~~  
48 ~~university of science and technology, 36.8 percent,~~  
49 ~~and university of northern Iowa, 16.5 percent.~~

50 Sec. 24. 2003 Iowa Acts, Senate File 458, section

**H-1616**

-10-

**H-1616**

Page 11

1 21, unnumbered paragraph 3, if enacted, is amended to  
2 read as follows:

3 Of the funds appropriated in this section, up to  
4 \$10,000 is transferred to the ~~Iowa~~ department of  
5 ~~public health~~ human services for allocation to  
6 community mental health centers to provide counseling  
7 services to persons who are members of the national  
8 guard and reservists activated but as yet not sent to  
9 combat zones and to the persons' family members. The  
10 sessions shall be provided on a first come, first  
11 served basis and shall be limited to three visits per  
12 family.

13 Sec. 25. 2003 Iowa Acts, Senate File 458, section  
14 149, if enacted, is amended to read as follows:

15 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR  
16 PHYSICIAN SERVICES. To the extent that, pursuant to  
17 law enacted by the Eightieth General Assembly, 2003  
18 Session, supplemental payment adjustments are  
19 implemented for physician services provided to medical  
20 assistance program participants at publicly owned  
21 acute care hospitals, the department of human services  
22 shall not, directly or indirectly, recoup the  
23 supplemental payment adjustments for any reason,  
24 unless an amount equivalent to the amount of  
25 adjustment funds ~~that were~~ is first transferred to the  
26 ~~department by the state~~ university of Iowa college of  
27 ~~medicine is transferred by the department to the~~  
28 qualifying physicians. Any such amount transferred  
29 and identified as a supplemental payment under this  
30 section shall then be refunded to the department of  
31 human services, per the agreement executed for this  
32 purpose between the department and the university of  
33 Iowa.

34 Sec. 26. 2003 Iowa Acts, Senate File 458, section  
35 171, subsection 1, if enacted, is amended to read as  
36 follows:

37 1. PURPOSE. The general assembly finds that the  
38 Iowa communications network is a valuable state asset  
39 that has served the people of the state well, but  
40 which requires significant ongoing financial support  
41 from the state in the form of annual appropriations.  
42 The operation of a telecommunications network is a  
43 function that can be and generally is conducted by  
44 private enterprise. It is in the public interest to  
45 sell the Iowa communications network to a qualified  
46 private business enterprise that will commit to  
47 provide the same secure low-cost high-quality service  
48 to state and federal public and private agencies and  
49 military installations, as defined in chapter 8D, now  
50 provided by the network. Through such a sale, the

**H-1616**

-11-

**H-1616**

Page 12

1 state would eliminate the need for ongoing annual  
2 appropriations while preserving the key benefits  
3 enjoyed by the state under the present state ownership  
4 of the network. The state also expects to obtain  
5 sufficient proceeds from such a sale to cover existing  
6 obligations and to realize additional proceeds above  
7 the level of such obligations. Given the current  
8 depressed state of the telecommunications industry,  
9 the state can reasonably be expected to maximize sales  
10 proceeds by allowing a purchaser a period of time in  
11 which to assemble financing for its purchase. During  
12 the interim between enactment of this division of this  
13 Act and completion of a sale, the services of a  
14 private-enterprise manager with experience operating  
15 telecommunications networks can reasonably be expected  
16 to reduce the costs of operating the Iowa  
17 communications network, thereby lowering annual  
18 appropriations.

19 Sec. 27. 2003 Iowa Acts, Senate File 458, section  
20 172, subsection 2, paragraph b, if enacted, is amended  
21 to read as follows:

22 b. Select a manager and enter into a management  
23 contract with the manager by October 1, 2004. The  
24 management contract shall provide for the continuation  
25 of all services currently being provided to ~~state and~~  
26 ~~federal public and private~~ agencies and ~~military~~  
27 ~~installations~~ pursuant to chapter 8D, at the rates  
28 specified therein, for the duration of the contract.  
29 The contract shall also specify the manager's  
30 authority in relation to the duties of the commission  
31 during the period between execution of the management  
32 contract and closing of the sale of the network. The  
33 commission shall establish a dispute resolution  
34 process regarding rate increases, quality of service  
35 issues, and other areas of dispute involving network  
36 subscribers. The commission shall also make  
37 recommendations regarding imposition of an ongoing  
38 dispute resolution and appeals process commencing with  
39 the closing of the sale of the network.

40 Sec. 28. 2003 Iowa Acts, Senate File 458, section  
41 173, subsection 1, if enacted, is amended to read as  
42 follows:

43 1. The ~~principal place of business of the~~  
44 purchaser and any parent of the purchaser shall be  
45 ~~located~~ operating in the state of Iowa.

46 Sec. 29. 2003 Iowa Acts, Senate File 458, section  
47 174, subsection 4, if enacted, is amended to read as  
48 follows:

49 4. Agree to continue all services currently being  
50 provided to ~~state and federal~~ public and private

**H-1616**

H-1616

Page 13

1 agencies and military installations, as defined in  
2 chapter 8D, for the next ten years, with any annual  
3 rate increase not to exceed five percent per year,  
4 provided that the purchaser shall not be required to  
5 supply at such restricted prices a quantity or quality  
6 of service greater than that provided by the network  
7 as of execution of the contract for sale of the  
8 network.

9 Sec. 30. 2003 Iowa Acts, House File 667, section  
10 27, subsection 1, unnumbered paragraph 2, is amended  
11 to read as follows:

12 For costs associated with the commitment and  
13 treatment of sexually violent predators in the unit  
14 located at the state mental health institute at  
15 Cherokee, including costs of legal services and other  
16 associated costs, including salaries, support,  
17 maintenance, and miscellaneous purposes and for not  
18 more than the following full-time equivalent  
19 positions:

20 .....	\$	2,675,179
21 .....	FTEs	46.00
22		<u>57.00</u>

23 Sec. 31. EFFECTIVE DATE -- RETROACTIVE  
24 APPLICABILITY.

25 1. The section of this division of this Act  
26 amending section 231C.17, being deemed of immediate  
27 importance, takes effect upon enactment.

28 2. The section of this division of this Act  
29 amending 2003 Iowa Acts, Senate File 401, being deemed  
30 of immediate importance, takes effect upon enactment  
31 and is retroactively applicable to April 11, 2003.

32 DIVISION IV

33 CORRECTIVE PROVISIONS

34 Sec. 32. Section 8A.505, as enacted by 2003 Iowa  
35 Acts, House File 534, section 87, is amended by adding  
36 the following new unnumbered paragraph:

37 NEW UNNUMBERED PARAGRAPH. There is appropriated  
38 annually from the increase in indirect cost  
39 reimbursements over the amount of indirect cost  
40 reimbursements received during the fiscal year  
41 beginning July 1, 2002, to the office of grants  
42 enterprise management of the department of management  
43 the sum of up to one hundred twenty-five thousand  
44 dollars. The director shall transfer the funds  
45 appropriated to the department of management as  
46 provided in this paragraph and shall make the funds  
47 resulting from the increase in reimbursements  
48 available during the fiscal year to the department of  
49 management on a monthly basis. If the amount of the  
50 increase in indirect cost reimbursements is

**H-1616**

Page 14

1 insufficient to pay the maximum appropriation provided  
2 for in this paragraph, the amount appropriated is  
3 equal to the amount of such increase.

4 Sec. 33. Section 12C.4, Code 2003, as amended by  
5 2003 Iowa Acts, House File 289, section 2, is amended  
6 to read as follows:

7 12C.4 LOCATION OF DEPOSITORIES.

8 Deposits by the treasurer of state shall be in  
9 depositories located in this state; by a county  
10 officer or county public hospital officer or merged  
11 area hospital officer, in depositories located in the  
12 county or in an adjoining county within this state; by  
13 a memorial hospital treasurer, in a depository located  
14 within this state which shall be selected by the  
15 memorial hospital treasurer and approved by the  
16 memorial hospital commission; by a city treasurer or  
17 other city financial officer, in depositories located  
18 in the county in which the city is located or in an  
19 adjoining county, but if there is no depository in the  
20 county in which the city is located or in an adjoining  
21 county then in any other depository located in this  
22 state which shall be selected as a depository by the  
23 city council; by a school treasurer or by a school  
24 secretary in a depository within this state which  
25 shall be selected by the board of directors or the  
26 trustees of the school district; by a township clerk  
27 in a depository located within this state which shall  
28 be selected by the township clerk and approved by the  
29 trustees of the township. However, deposits may be  
30 made in depositories outside of Iowa for the purpose  
31 of paying principal and interest on bonded  
32 indebtedness of any municipality when the deposit is  
33 made not more than ten days before the date the  
34 principal or interest becomes due. Further, the  
35 treasurer of state may maintain an account or accounts  
36 outside the state of Iowa for the purpose of providing  
37 custodial services for the state and state retirement  
38 fund accounts. Deposits made for the purpose of  
39 completing an electronic financial transaction  
40 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be  
41 made in any depository located in this state.

42 Sec. 34. Section 29A.28, subsection 3, as enacted  
43 by 2003 Iowa Acts, House File 674, section 3, is  
44 amended to read as follows:

45 3. Upon returning from a leave of absence under  
46 this section, an employee shall be entitled to return  
47 to the same position and classification held by the  
48 employee at the time of entry ~~onto~~ into state active  
49 duty, active state service, or federal service or to  
50 the position and classification that the employee

**H-1616**

**H-1616**

Page 15

1 would have been entitled to if the continuous civil  
2 service of the employee had not been interrupted by  
3 state active duty, active state service, or federal  
4 service. Under this subsection, "position" includes  
5 the geographical location of the position.

6 Sec. 35. Section 70A.39, subsection 1, paragraph  
7 b, as enacted by 2003 Iowa Acts, House File 381,  
8 section 1, is amended to read as follows:

9 b. ~~"Vascularized~~ "Vascular organ" means a heart,  
10 lung, liver, pancreas, kidney, intestine, or other  
11 organ that requires the continuous circulation of  
12 blood to remain useful for purposes of  
13 transplantation.

14 Sec. 36. Section 99B.7, subsection 1, paragraph 1,  
15 subparagraph (1), Code 2003, as amended by 2003 Iowa  
16 Acts, Senate File 453, section 104, if enacted, is  
17 amended to read as follows:

18 (1) No other gambling is engaged in at the same  
19 location, except that lottery tickets or shares issued  
20 by the Iowa lottery division of the department of  
21 ~~revenue and finance authority~~ may be sold pursuant to  
22 chapter 99G.

23 Sec. 37. Section 507A.4, subsection 9, paragraph  
24 e, as enacted by 2003 Iowa Acts, House File 647,  
25 section 4, is amended to read as follows:

26 e. When not otherwise provided, a foreign or  
27 domestic multiple ~~employee~~ employer welfare  
28 arrangement doing business in this state shall pay to  
29 the commissioner of insurance the fees as required in  
30 section 511.24.

31 Sec. 38. Section 556.11, subsection 5, Code 2003,  
32 as amended by 2003 Iowa Acts, Senate File 180, section  
33 2, is amended to read as follows:

34 5. If the holder of property presumed abandoned  
35 under this chapter knows the whereabouts of the owner  
36 and if the owner's claim has not been barred by the  
37 statute of limitations, the holder shall, before  
38 filing the annual report, communicate with the owner  
39 and take necessary steps to prevent abandonment from  
40 being presumed. The holder shall exercise due  
41 diligence to ascertain the whereabouts of the owner. A  
42 holder is not required to make a due diligence mailing  
43 to owners whose property has an aggregate value of  
44 less than fifty dollars. The treasurer of state may  
45 charge a holder that fails to timely exercise due  
46 diligence, as required in this subsection, five  
47 dollars for each name and address account reported if  
48 thirty-five percent ~~of~~ or more of the accounts are  
49 claimed within the twenty-four months immediately  
50 following the filing of the holder report.

**H-1616**

-15-

H-1616

Page 16

1 Sec. 39. 2003 Iowa Acts, Senate File 438, section  
2 3, is repealed.

3 Sec. 40. 2003 Iowa Acts, Senate File 453, section  
4 11, if enacted, is amended to read as follows:

5 SEC. 11. Sections ~~403.23~~, 405A.1, 405A.2, 405A.3,  
6 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,  
7 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are  
8 repealed.

9 Sec. 41. 2003 Iowa Acts, Senate File 458, section  
10 13, if enacted, is amended to read as follows:

11 SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The  
12 ~~provision~~ provisions in section 25B.7 relating to the  
13 proration of the property tax credits ~~does and the~~  
14 estimation of the portion of the credit or exemption  
15 which will be funded do not apply with respect to the  
16 amount of state reimbursement for property tax credits  
17 under this division.

18 Sec. 42. 2003 Iowa Acts, Senate File 458, section  
19 159, if enacted, is amended to read as follows:

20 SEC. 159. EFFECTIVE DATES. The following  
21 provisions of this division of this Act, being deemed  
22 of immediate importance, take effect upon enactment:

23 1. The amendments to sections 8.23, 8.31, and 8.57  
24 which are first applicable to appropriations made for  
25 the fiscal year beginning July 1, 2003.

26 2. The amendment to section 12E.12.

27 3. The amendments to sections 15E.42, 15E.43,  
28 15E.45, and 15E.51, which apply retroactively to  
29 January 1, 2002, for tax years beginning on or after  
30 that date.

31 4. The amendment to section 15E.193B.

32 5. The amendment to section 435.26A.

33 6. The amendment to section 453A.2, which shall  
34 only take effect if 2003 Iowa Acts, Senate File 401,  
35 is enacted by the Eightieth General Assembly, 2003  
36 Regular Session.

37 7. The amendments to sections 453C.1 and 453C.2  
38 and the related severability provision.

39 8. The amendments to sections 518.18 and 518A.35.

40 9. The section directing the department of  
41 corrections to develop a plan for selling certain  
42 land.

43 10. The section relating to the sales and use tax  
44 refund.

45 11. The section relating to the school district  
46 reimbursement claim.

47 The sections of this division of this Act amending  
48 section 80B.5 and enacting section 80B.5A are

49 applicable to the appointment of the director of the  
50 Iowa law enforcement academy for the term beginning

H-1616

-16-

**H-1616**

Page 17

1 May 1, 2004.

2 ~~Section 29C.8, subsection 3, paragraph "f", as~~  
3 ~~enacted in this division of this Act, and the~~  
4 ~~amendment to section 29C.20, subsection 1, as enacted~~  
5 ~~in this division of this Act, take effect July 1,~~  
6 ~~2004.~~

7 Sec. 43. 2003 Iowa Acts, House File 171, section  
8 112, the bill section amending clause, is amended to  
9 read as follows:

10 Section 656.2, subsection 2, paragraph a,  
11 unnumbered paragraph ~~4~~ 3, Code 2003, is amended to  
12 read as follows:

13 Sec. 44. 2003 Iowa Acts, House File 662, section  
14 5, subsection 8, paragraphs a and b, if enacted, are  
15 amended to read as follows:

16 a. Of the amount appropriated in this ~~section~~  
17 subsection, \$347,371 shall be allocated to the public  
18 broadcasting division for purposes of providing  
19 support for functions related to the Iowa  
20 communications network, including but not limited to  
21 the following functions: development of distance  
22 learning applications; development of a central  
23 information source on the internet relating to  
24 educational uses of the network; second-line technical  
25 support for network sites; testing and initializing  
26 sites onto the network; and coordinating the work of  
27 the education telecommunications council.

28 b. Of the amount appropriated in this ~~section~~  
29 subsection, \$1,272,285 shall be allocated to the  
30 regional telecommunications councils established in  
31 section 8D.5. The regional telecommunications  
32 councils shall use the funds to provide technical  
33 assistance for network classrooms, planning and  
34 troubleshooting for local area networks, scheduling of  
35 video sites, and other related support activities.

36 Sec. 45. 2003 Iowa Acts, House File 662, section  
37 6, unnumbered paragraph 2, if enacted, is amended to  
38 read as follows:

39 The funds allocated in this ~~subsection~~ section  
40 shall be distributed as follows:

41 Sec. 46. 2003 Iowa Acts, House File 662, section  
42 18, if enacted, is repealed.

43 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

44 1. The section of this division of this Act  
45 amending section 29A.28, subsection 3, being deemed of  
46 immediate importance, takes effect upon enactment and  
47 applies retroactively to January 1, 2003.

48 2. The section of this division of this Act  
49 amending 2003 Iowa Acts, Senate File 458, section 159,  
50 being deemed of immediate importance, takes effect

**H-1616**

-17-



**H-1616**

Page 18

1 upon enactment.

2 3. 2003 Iowa Acts, Senate File 458, section 140,  
3 relating to nonreversion of funds appropriated in 1996  
4 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter  
5 215, if enacted, being deemed of immediate importance,  
6 takes effect upon enactment of this Act.

7 DIVISION V

8 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

9 Sec. 48. Section 331.234, subsections 3 and 4,  
10 Code 2003, as amended by 2003 Iowa Acts, Senate File  
11 390, section 4, if enacted, are amended to read as  
12 follows:

13 3. The board shall make available to the  
14 commission in-kind services such as office space,  
15 printing, supplies, and equipment. ~~The county and~~  
16 ~~shall pay from the segregated account established in~~  
17 ~~subsection 4, the other necessary expenses of the~~  
18 commission including compensation for secretarial,  
19 clerical, professional, and consultant services. The  
20 total annual expenses, not including the value of in-  
21 kind expenses, to be paid from public funds shall not  
22 exceed one hundred thousand dollars or an amount equal  
23 to thirty cents times the population of the commission  
24 area, according to the most recent certified federal  
25 census. The commission may employ staff as necessary.

26 4. ~~The~~ Except as otherwise provided in subsection  
27 5, the expenses of the commission shall be paid by  
28 each city and county participating in the charter  
29 process or may be paid from the general fund of the  
30 county. Expenses of the commission may also be paid  
31 from any combination of public or private funds  
32 available for that purpose. Each city's share shall  
33 be its pro rata share of the expenses based upon the  
34 ratio that the population of the city bears to the  
35 total population in the county. The county's share  
36 shall be its pro rata share of expenses based upon the  
37 ratio that the population of the unincorporated area  
38 of the county bears to the total population of the  
39 county. The amount paid by each city and county  
40 participating in the charter process shall be  
41 deposited in a segregated account maintained by the  
42 county. The commission's annual expenses may exceed  
43 the amount in subsection 3 only if the excess is paid  
44 from private funds. If a proposed charter is  
45 submitted to the electorate, private funds donated to  
46 the commission may be used to promote passage of the  
47 proposed charter.

48 Sec. 49. Section 331.234, Code 2003, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 5. In the case of a city-county

**H-1616**

-18-

**H-1616**

Page 19

1 consolidation charter commission or a community  
2 commonwealth charter commission, the expenses of the  
3 commission shall be paid by each city and county  
4 participating in the charter process pursuant to  
5 section 331.233A. Each participating city's share  
6 shall be its pro rata share of the expenses based upon  
7 the ratio that the population of the city bears to the  
8 total population in the county. The remainder shall  
9 be paid from the general fund of the county. The  
10 amount paid by each city and county participating in  
11 the charter process shall be deposited in a segregated  
12 account maintained by the county.

13 Sec. 50. Section 331.235, subsection 3, Code 2003,  
14 as amended by 2003 Iowa Acts, Senate File 390, section  
15 5, if enacted, is amended to read as follows:

16 3. Within twenty months after organization, the  
17 commission shall submit the final report to the board.  
18 If the commission is created pursuant to section  
19 331.264, subsection 4, the commission shall submit the  
20 final report to the board within five months after  
21 submission of the preliminary report to the board  
22 pursuant to section 331.264, subsection 3. A  
23 commission created pursuant to section 331.264,  
24 subsection 4, may adopt a motion granting itself a  
25 sixty-day extension of time for submission of its  
26 final report. If the commission recommends a charter  
27 including a form of government other than the existing  
28 form of government, the final report shall include the  
29 full text and an explanation of the proposed charter,  
30 ~~a statement of whether the elected officers shall be~~  
31 ~~elected on a partisan or nonpartisan basis,~~ an  
32 analysis of the fiscal impact of the proposed charter,  
33 any comments deemed desirable by the commission, and  
34 any minority reports. The final report may recommend  
35 no change to the existing form of government and that  
36 no charter be submitted to the electorate, in which  
37 case, the report shall state the reasons for and  
38 against a change in the existing form of government.  
39 The final report shall be made available to the  
40 residents of the county upon request. A summary of  
41 the final report shall be published in the official  
42 newspapers of the county and in a newspaper of general  
43 circulation in each participating city.

44 Sec. 51. Section 331.238, subsection 4, if enacted  
45 by 2003 Iowa Acts, Senate File 390, section 9, is  
46 amended to read as follows:

47 4. ~~Subsections 1 and 2 do~~ This section does not  
48 apply to the city-county consolidated form of  
49 government or the community commonwealth form of  
50 government.

**H-1616**

**H-1616**

Page 20

1 Sec. 52. Section 331.247, subsection 4, Code 2003,  
2 as amended by 2003 Iowa Acts, Senate File 390, section  
3 11, if enacted, is amended to read as follows:

4 4. If an alternative form of government for a  
5 consolidated unit of local government is proposed,  
6 approval of the consolidation charter shall be  
7 separate from approval of the alternative form of  
8 government in those cities proposed to be included in  
9 the consolidation. The question of whether the  
10 election of officers of the consolidated unit of local  
11 government shall be with regard to political  
12 affiliation shall be a separate question on the  
13 ballot. Adoption of the consolidation charter  
14 requires the approval of a majority of the votes cast  
15 in the entire county. A city named on the ballot is  
16 included in the consolidation if the proposed charter  
17 is approved by a majority of the votes cast in the  
18 city. The consolidation charter shall be effective in  
19 regard to a city government only if a majority of the  
20 voters of the city voting on the question voted for  
21 participation in the consolidation charter.

22 Sec. 53. Section 331.248, subsection 2, paragraph  
23 j, if enacted by 2003 Iowa Acts, Senate File 390,  
24 section 13, is amended by striking the paragraph and  
25 inserting in lieu thereof the following:

26 j. Provide for the effective date of the adopted  
27 charter.

28 Sec. 54. Section 331.252, Code 2003, as amended by  
29 2003 Iowa Acts, Senate File 390, section 18, if  
30 enacted, is amended by adding the following new  
31 unnumbered paragraph after unnumbered paragraph 2:

32 NEW UNNUMBERED PARAGRAPH. If the charter described  
33 on this ballot is adopted, should officers of the new  
34 government be elected with regard to political  
35 affiliation?

36 Sec. 55. Section 331.254, subsection 7, Code 2003,  
37 as amended by 2003 Iowa Acts, Senate File 390, section  
38 19, if enacted, is amended to read as follows:

39 7. The merger of the elective offices of each  
40 consolidating county with the election of new officers  
41 within sixty days after the effective date of the  
42 charter ~~which shall specifically provide whether the~~  
43 ~~election of new officers shall be on a partisan or~~  
44 ~~nonpartisan basis, notwithstanding section 331.238,~~  
45 ~~subsection 3.~~ The elections shall be conducted by the  
46 county commissioner of elections of each county. No  
47 primary election shall be held. Nominations shall be  
48 made pursuant to section 43.78 and chapters 44 and 45,  
49 as applicable, except that the filing deadline shall  
50 be forty days before the election.

**H-1616**

-20-

**H-1616**

Page 21

1 Sec. 56. Section 331.261, subsection 11, Code  
2 2003, as amended by 2003 Iowa Acts, Senate File 390,  
3 section 22, if enacted, is amended by striking the  
4 subsection and inserting in lieu thereof the  
5 following:

6 11. The effective date of the adopted charter.

7 Sec. 57. Section 331.264, subsection 4, if enacted  
8 by 2003 Iowa Acts, Senate File 390, section 25, is  
9 amended to read as follows:

10 4. If the committee report recommends a city-  
11 county consolidation or community commonwealth, the  
12 committee shall continue its existence and be  
13 designated, and operate with the powers and duties of,  
14 a commission created pursuant to section 331.233A. If  
15 the committee report recommends a multicounty  
16 consolidation, the committee shall continue its  
17 existence and be designated, and operate with the  
18 powers and duties of, a commission created pursuant to  
19 section 331.233. ~~If the committee recommends an~~  
20 ~~alternative form of government, that recommendation~~  
21 ~~shall state whether elections conducted under that~~  
22 ~~form of government shall be partisan or nonpartisan.~~

23 Sec. 58. EFFECTIVE AND APPLICABILITY DATES. This  
24 division of this Act, being deemed of immediate  
25 importance, takes effect upon enactment and applies to  
26 charter commissions in existence on that date.

#### 27 DIVISION VI

#### 28 CRIMINAL OFFENDERS AND INMATES

29 Sec. 59. Section 321J.2, subsection 2, paragraph  
30 a, subparagraph (1), Code 2003, is amended to read as  
31 follows:

32 (1) Imprisonment in the county jail for not less  
33 than forty-eight hours, to be served as ordered by the  
34 court, less credit for any time the person was  
35 confined in a jail or detention facility following  
36 arrest or for any time the person spent in a court-  
37 ordered operating-while-intoxicated program that  
38 provides law enforcement security. However, the  
39 court, in ordering service of the sentence and in its  
40 discretion, may accommodate the defendant's work  
41 schedule.

42 Sec. 60. NEW SECTION. 811.2A PRETRIAL RELEASE.

43 A person, who has been released under a plan of  
44 pretrial release or on the person's own recognizance  
45 and who is subsequently arrested for a new criminal  
46 offense while under the plan of pretrial release or  
47 released on the person's own recognizance, shall not  
48 be eligible for another release pursuant to pretrial  
49 release guidelines or released on the person's own  
50 recognizance, if all of the following apply:

**H-1616**

-21-

**H-1616**

Page 22

1 1. The arrest for the new criminal offense is  
2 based on a set of facts or an event that is different  
3 than involved in the earlier arrest.

4 2. The new criminal offense is classified as  
5 greater than a serious misdemeanor.

6 However, a person may be admitted to bail if  
7 eligible pursuant to section 811.1.

8 Sec. 61. Section 901.4, Code 2003, is amended to  
9 read as follows:

10 901.4 PRESENTENCE INVESTIGATION REPORT  
11 CONFIDENTIAL -- DISTRIBUTION.

12 The presentence investigation report is  
13 confidential and the court shall provide safeguards to  
14 ensure its confidentiality, including but not limited  
15 to sealing the report, which may be opened only by  
16 further court order. At least three days prior to the  
17 date set for sentencing, the court shall serve all of  
18 the presentence investigation report upon the  
19 defendant's attorney and the attorney for the state,  
20 and the report shall remain confidential except upon  
21 court order. However, the court may conceal the  
22 identity of the person who provided confidential  
23 information. The report of a medical examination or  
24 psychological or psychiatric evaluation shall be made  
25 available to the attorney for the state and to the  
26 defendant upon request. The reports are part of the  
27 record but shall be sealed and opened only on order of  
28 the court. If the defendant is committed to the  
29 custody of the Iowa department of corrections and is  
30 not a class "A" felon, a copy of the presentence  
31 investigation report shall be forwarded to the  
32 director with the order of commitment by the clerk of  
33 the district court and to the board of parole at the  
34 time of commitment. The Pursuant to section 904.602,  
35 the presentence investigation report may also be  
36 released by the department of corrections or a  
37 judicial district department of correctional services  
38 pursuant to section 904.602 to another jurisdiction  
39 for the purpose of providing interstate probation and  
40 parole compact services or evaluations, or to a  
41 substance abuse or mental health services provider  
42 when referring a defendant for services. The  
43 defendant or the defendant's attorney may file with  
44 the presentence investigation report, a denial or  
45 refutation of the allegations, or both, contained in  
46 the report. The denial or refutation shall be  
47 included in the report. If the person is sentenced  
48 for an offense which requires registration under  
49 chapter 692A, the court shall release the report to  
50 the department which is responsible under section

**H-1616**

-22-

**H-1616**

Page 23

1 692A.13A for performing the assessment of risk.

2 Sec. 62. Section 901B.1, subsection 1, paragraph  
3 c, subparagraph (5), Code 2003, is amended to read as  
4 follows:

5 (5) A substance abuse treatment facility as  
6 established and operated by the Iowa department of  
7 public health or the department of corrections.

8 Sec. 63. Section 903A.2, subsection 1, paragraph  
9 a, Code 2003, is amended to read as follows:

10 a. Category "A" sentences are those sentences  
11 which are not subject to a maximum accumulation of  
12 earned time of fifteen percent of the total sentence  
13 of confinement under section 902.12. To the extent  
14 provided in subsection 5, category "A" sentences also  
15 include life sentences imposed under section 902.1.  
16 An inmate of an institution under the control of the  
17 department of corrections who is serving a category  
18 "A" sentence is eligible for a reduction of sentence  
19 equal to one and two-tenths days for each day the  
20 inmate demonstrates good conduct and satisfactorily  
21 participates in any program or placement status  
22 identified by the director to earn the reduction. The  
23 programs include but are not limited to the following:

24 (1) Employment in the institution.

25 (2) Iowa state industries.

26 (3) An employment program established by the  
27 director.

28 (4) A treatment program established by the  
29 director.

30 (5) An inmate educational program approved by the  
31 director.

32 An inmate serving a category "A" sentence is  
33 eligible for an additional reduction of sentence of up  
34 to three hundred sixty-five days of the full term of  
35 the sentence of the inmate for exemplary acts. In  
36 accordance with section 903A.4, the director shall by  
37 policy identify what constitutes an exemplary act that  
38 may warrant an additional reduction of sentence.

39 Sec. 64. Section 903A.3, subsection 2, Code 2003,  
40 is amended to read as follows:

41 2. The orders of the administrative law judge are  
42 subject to appeal to the superintendent or warden of  
43 the institution, or the superintendent's or warden's  
44 designee, who may either affirm, modify, remand for  
45 correction of procedural errors, or reverse an order.  
46 However, sanctions shall not be increased on appeal.  
47 ~~A decision of the superintendent, warden, or designee~~  
48 ~~is subject to review by the director of the Iowa~~  
49 ~~department of corrections who may either affirm,~~  
50 ~~modify, remand for correction of procedural errors, or~~

**H-1616**

H-1616

Page 24

1 ~~reverse the decision. However, sanctions shall not be~~  
2 ~~increased on review.~~

3 Sec. 65. NEW SECTION. 904.117 INTERSTATE COMPACT  
4 FUND.

5 An interstate compact fund is established under the  
6 control of the department. All interstate compact  
7 fees collected by the department pursuant to section  
8 907B.5 shall be deposited into the fund and the moneys  
9 shall be used by the department to offset the costs of  
10 complying with the interstate compact for adult  
11 offender supervision in chapter 907B. Notwithstanding  
12 section 8.33, moneys remaining in the fund at the end  
13 of a fiscal year shall not revert to the general fund  
14 of the state. Notwithstanding section 12C.7, interest  
15 and earnings deposited in the fund shall be credited  
16 to the fund.

17 Sec. 66. Section 904.503, subsection 2, Code 2003,  
18 is amended to read as follows:

19 2. When the director has cause to believe that an  
20 inmate in a state correctional institution is mentally  
21 ill, the Iowa department of corrections may cause the  
22 inmate to be transferred to the Iowa medical and  
23 classification center, or to another appropriate  
24 facility within the department, for examination,  
25 diagnosis, or treatment. The inmate shall be confined  
26 at that institution center or facility or a state  
27 hospital for persons with mental illness until the  
28 expiration of the inmate's sentence or until the  
29 inmate is pronounced in good mental health. If the  
30 inmate is pronounced in good mental health before the  
31 expiration of the inmate's sentence, the inmate shall  
32 be returned to the state correctional institution  
33 until the expiration of the inmate's sentence.

34 Sec. 67. Section 904.508, subsection 2, Code 2003,  
35 is amended to read as follows:

36 2. ~~The Pursuant to section 904.702, the director~~  
37 shall establish and maintain an inmate savings fund in  
38 an interest-bearing account for the deposit of all or  
39 part of an inmate's allowances, ~~as provided in section~~  
40 ~~904.702 and amounts, except amounts directed to be~~  
41 deposited in the inmate telephone fund established in  
42 section 904.508A, sent to the inmate from a source  
43 other than the department. All or part of an inmate's  
44 allowances and amounts, except amounts directed to be  
45 deposited in the inmate telephone fund established in  
46 section 904.508A, from a source other than the  
47 department shall be deposited into the savings fund,  
48 until the inmate's deposit is equal to ~~the amount due~~  
49 ~~the inmate upon discharge, parole, or placement on~~  
50 work release, one hundred dollars as provided in

H-1616

-24-

**H-1616**

Page 25

1 section 906.9. If an inmate's deposits are equal ~~this~~  
2 ~~amount to or in excess of one hundred dollars,~~ the  
3 inmate may voluntarily withdraw from the savings fund.  
4 The director shall notify the inmate of this right to  
5 withdraw and shall provide the inmate with a written  
6 request form to facilitate the withdrawal. If the  
7 inmate withdraws and the inmate's deposits exceed the  
8 amount due as provided in section 906.9, the director  
9 shall disburse the excess amount as provided for  
10 allowances under section 904.702, except the director  
11 shall not deposit the excess amount in the inmate  
12 savings fund. If the inmate chooses to continue to  
13 participate in the savings fund, the inmate's deposits  
14 shall be returned to the inmate upon discharge,  
15 parole, or placement on work release. Otherwise, the  
16 inmate's deposits shall be disposed of as provided in  
17 subsection 3. An inmate's deposits into the savings  
18 fund may be used to provide the money due the inmate  
19 upon discharge, parole, or placement on work release,  
20 as required under section 906.9. Interest earned from  
21 the savings fund shall be placed in a separate  
22 account, and may be used for purchases approved by the  
23 director to directly and collectively benefit inmates.

24 Sec. 68. Section 904.508A, Code 2003, is amended  
25 to read as follows:

26 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.

27 The department is authorized to establish and  
28 maintain an inmate telephone ~~rebate~~ fund ~~in each~~  
29 ~~institution~~ for the deposit of moneys received for  
30 inmate telephone ~~rebates~~ calls. All funds deposited  
31 in this fund shall be used for the benefit of inmates.  
32 The director shall adopt rules providing for the  
33 disbursement of moneys from the fund.

34 Sec. 69. Section 904.513, subsection 1, paragraph  
35 b, subparagraph (4), Code 2003, is amended to read as  
36 follows:

37 (4) Assignment may also be made on the basis of  
38 the offender's treatment program performance, as a  
39 disciplinary measure, for medical needs, and for space  
40 availability at community residential facilities. If  
41 there is insufficient space at a community residential  
42 facility, the court may order an offender to be  
43 released to the supervision of the judicial district  
44 department of correctional services, ~~or~~ held in jail,  
45 or committed to the custody of the director of the  
46 department of corrections for assignment to an  
47 appropriate correctional facility until there is  
48 sufficient space at a community residential facility.

49 Sec. 70. Section 904.702, unnumbered paragraph 1,  
50 Code 2003, is amended to read as follows:

**H-1616**

-25-



**H-1616**

Page 26

1 If allowances are paid pursuant to section 904.701,  
2 the director shall establish an inmate account, for  
3 deposit of those allowances and for deposit of moneys  
4 sent to the inmate from a source other than the  
5 department of corrections. The director may deduct an  
6 amount, not to exceed ten percent of the amount of the  
7 allowance, unless the inmate requests a larger amount,  
8 to be deposited into the inmate savings fund as  
9 required under section 904.508, subsection 2. In  
10 addition to deducting a portion of the allowance, the  
11 director may also deduct from an inmate account any  
12 amount, except amounts directed to be deposited in the  
13 inmate telephone fund established in section 904.508A,  
14 sent to the inmate from a source other than the  
15 department of corrections for deposit in the inmate  
16 savings fund as required under section 904.508,  
17 subsection 2, until the amount in the fund equals the  
18 amount due the inmate upon discharge, parole, or  
19 placement on work release. The director shall deduct  
20 from the inmate account an amount established by the  
21 inmate's restitution plan of payment. The director  
22 shall also deduct from any remaining account balance  
23 an amount sufficient to pay all or part of any  
24 judgment against the inmate, including but not limited  
25 to judgments for taxes and child support, and court  
26 costs and fees assessed either as a result of the  
27 inmate's confinement or amounts required to be paid  
28 under section 610A.1. Written notice of the amount of  
29 the deduction shall be given to the inmate, who shall  
30 have five days after receipt of the notice to submit  
31 in writing any and all objections to the deduction to  
32 the director, who shall consider the objections prior  
33 to transmitting the deducted amount to the clerk of  
34 the district court. The director need give only one  
35 notice for each action or appeal under section 610A.1  
36 for which periodic deductions are to be made. The  
37 director shall next deduct from any remaining account  
38 balance an amount sufficient to pay all or part of any  
39 costs assessed against the inmate for misconduct or  
40 damage to the property of others. The director may  
41 deduct from the inmate's account an amount sufficient  
42 to pay for the inmate's share of the costs of health  
43 services requested by the inmate and for the treatment  
44 of injuries inflicted by the inmate on the inmate or  
45 others. The director may deduct and disburse an  
46 amount sufficient for industries' programs to qualify  
47 under the eligibility requirements established in the  
48 Justice Assistance Act of 1984, Pub. L. No. 98-473,  
49 including an amount to pay all or part of the cost of  
50 the inmate's incarceration. The director may pay all

**H-1616**

-26-

**H-1616**

Page 27

1 or any part of remaining allowances paid pursuant to  
2 section 904.701 directly to a dependent of the inmate,  
3 or may deposit the allowance to the account of the  
4 inmate, or may deposit a portion and allow the inmate  
5 a portion for the inmate's personal use.

6 Sec. 71. Section 907.4, Code 2003, is amended to  
7 read as follows:

8 907.4 DEFERRED JUDGMENT DOCKET.

9 A deferment of judgment under section 907.3 shall  
10 be reported promptly by the clerk of the district  
11 court, or the clerk's designee, to the state court  
12 administrator for entry in the deferred judgment  
13 docket. The docket shall contain a permanent record  
14 of the deferred judgment including the name and date  
15 of birth of the defendant, the district court docket  
16 number, the nature of the offense, and the date of the  
17 deferred judgment. Before granting deferred judgment  
18 in any case, the court shall request of the state  
19 court administrator a search of the deferred judgment  
20 docket and shall consider any prior record of a  
21 deferred judgment against the defendant. The  
22 permanent record provided for in this section is a  
23 confidential record exempted from public access under  
24 section 22.7 and shall be available only to justices  
25 of the supreme court, judges of the court of appeals,  
26 district judges, district associate judges, judicial  
27 magistrates, clerks of the district court, judicial  
28 district departments of correctional services, and  
29 county attorneys requesting information pursuant to  
30 this section, or the designee of a justice, judge,  
31 magistrate, clerk, judicial district department of  
32 correctional services, or county attorney.

33 Sec. 72. Section 907.9, subsections 1, 2, and 4,  
34 Code 2003, are amended to read as follows:

35 1. At any time that the court determines that the  
36 purposes of probation have been fulfilled and the fees  
37 imposed under section 905.14 have been paid ~~to or~~  
38 ~~waived by the judicial district department of~~  
39 ~~correctional services~~ or on condition that unpaid  
40 supervision fees be paid, the court may order the  
41 discharge of a person from probation.

42 2. At any time that a probation officer determines  
43 that the purposes of probation have been fulfilled and  
44 the fees imposed under section 905.14 have been paid  
45 ~~to or waived by the judicial district department of~~  
46 ~~correctional services~~ or on condition that unpaid  
47 supervision fees be paid, the officer may order the  
48 discharge of a person from probation after approval of  
49 the district director and notification of the  
50 sentencing court and the county attorney who

**H-1616**

-27-

**H-1616**

Page 28

1 prosecuted the case.

2 4. At the expiration of the period of probation  
3 and if the fees imposed under section 905.14 have been  
4 paid to or waived by the judicial district department  
5 of correctional services or on condition that unpaid  
6 supervision fees be paid, the court shall order the  
7 discharge of the person from probation, and the court  
8 shall forward to the governor a recommendation for or  
9 against restoration of citizenship rights to that  
10 person. A person who has been discharged from  
11 probation shall no longer be held to answer for the  
12 person's offense. Upon discharge from probation, if  
13 judgment has been deferred under section 907.3, the  
14 court's criminal record with reference to the deferred  
15 judgment shall be expunged. The record maintained by  
16 the state court administrator as required by section  
17 907.4 shall not be expunged. The court's record shall  
18 not be expunged in any other circumstances.

19 Sec. 73. NEW SECTION. 907B.4 INTERSTATE COMPACT  
20 FEE.

21 The department of corrections may assess a fee, not  
22 to exceed one hundred dollars, for an application to  
23 transfer out of the state under the interstate compact  
24 for adult offender supervision. The fee may be waived  
25 by the department. The moneys collected pursuant to  
26 this section shall be deposited into the interstate  
27 compact fund established in section 904.117 and shall  
28 be used to offset the costs of complying with the  
29 interstate compact for adult offender supervision.

30 Sec. 74. Section 910.3B, Code 2003, is amended to  
31 read as follows:

32 910.3B RESTITUTION FOR DEATH OF VICTIM.

33 1. In all criminal cases in which the offender is  
34 convicted of a felony in which the act or acts  
35 committed by the offender caused the death of another  
36 person, in addition to the amount determined to be  
37 payable and ordered to be paid to a victim for  
38 pecuniary damages, as defined under section 910.1, and  
39 determined under section 910.3, the court shall also  
40 order the offender to pay at least one hundred fifty  
41 thousand dollars in restitution to the victim's estate  
42 if the victim died testate. If the victim died  
43 intestate the court shall order the offender to pay  
44 the restitution to the victim's heirs at law as  
45 determined pursuant to section 633.210. The  
46 obligation to pay the additional amount shall not be  
47 dischargeable in any proceeding under the federal  
48 Bankruptcy Act. Payment of the additional amount  
49 shall have the same priority as payment of a victim's  
50 pecuniary damages under section 910.2, in the

**H-1616**

-28-

H-1616

Page 29

1 offender's plan for restitution.  
 2 2. An award under this section does not preclude  
 3 or supersede the right of a victim's estate or heirs  
 4 at law to bring a civil action against the offender  
 5 for damages arising out of the same facts or event.  
 6 However, no evidence relating to the entry of the  
 7 judgment against the offender pursuant to this section  
 8 or the amount of the award ordered pursuant to this  
 9 section shall be permitted to be introduced in any  
 10 civil action for damages arising out of the same facts  
 11 or event.

12 3. An offender who is ordered to pay a victim's  
 13 estate or heirs at law under this section is precluded  
 14 from denying the elements of the felony offense which  
 15 resulted in the order for payment in any subsequent  
 16 civil action for damages arising out of the same facts  
 17 or event.

18 Sec. 75. Section 915.100, subsection 2, paragraph  
 19 c, Code 2003, is amended to read as follows:

20 c. In cases where the act committed by an offender  
 21 causes the death of another person, in addition to the  
 22 amount ordered for payment of the victim's pecuniary  
 23 damages, the court shall also order the offender to  
 24 pay at least one hundred fifty thousand dollars in  
 25 restitution to the victim's estate or heirs at law,  
 26 pursuant to the provisions of section 910.3B.

DIVISION VII

ECONOMIC DEVELOPMENT APPROPRIATIONS

Sec. 76. MARKETING APPROPRIATION.

30 1. There is appropriated from the grow Iowa fund  
 31 created in section 15G.107, if enacted by 2003 Iowa  
 32 Acts, House File 692 or another Act, to the department  
 33 of economic development, for the fiscal period  
 34 beginning July 1, 2004, and ending June 30, 2010, the  
 35 following amounts, or so much thereof as is necessary,  
 36 to be used for the purpose designated:

37 For implementing and administering the marketing  
 38 strategy approved under section 15G.108, if enacted by  
 39 2003 Iowa Acts, House File 692 or another Act:

40	FY 2004-2005.....	\$ 10,000,000
41	FY 2005-2006.....	\$ 10,000,000
42	FY 2006-2007.....	\$ 5,000,000
43	FY 2007-2008.....	\$ 5,000,000
44	FY 2008-2009.....	\$ 5,000,000
45	FY 2009-2010.....	\$ 2,500,000

46 2. Notwithstanding section 8.33, moneys that  
 47 remain unexpended at the end of a fiscal year shall  
 48 not revert to any fund but shall remain available for  
 49 expenditure for the designated purposes during the  
 50 succeeding fiscal year.

H-1616

Page 30

1 Sec. 77. DEPARTMENT OF ECONOMIC DEVELOPMENT  
2 APPROPRIATION.

3 1. There is appropriated from the grow Iowa fund  
4 created in section 15G.107, if enacted by 2003 Iowa  
5 Acts, House File 692 or another Act, to the department  
6 of economic development for the fiscal period  
7 beginning July 1, 2003, and ending June 30, 2010, the  
8 following amounts, or so much thereof as is necessary,  
9 to be used for the purpose designated:

10 For programs administered by the department of  
11 economic development:

12	FY 2003-2004.....	\$ 41,575,000
13	FY 2004-2005.....	\$ 31,575,000
14	FY 2005-2006.....	\$ 35,000,000
15	FY 2006-2007.....	\$ 32,500,000
16	FY 2007-2008.....	\$ 30,500,000
17	FY 2008-2009.....	\$ 13,500,000
18	FY 2009-2010.....	\$ 13,500,000

19 2. Notwithstanding section 8.33, moneys that  
20 remain unexpended at the end of a fiscal year shall  
21 not revert to any fund but shall remain available for  
22 expenditure for the designated purposes during the  
23 succeeding fiscal year.

24 3. Each year that moneys are appropriated under  
25 this section, the grow Iowa board shall allocate a  
26 percentage of the moneys for each of the following  
27 types of activities:

- 28 a. Business start-ups.
- 29 b. Business expansion.
- 30 c. Business modernization.
- 31 d. Business attraction.
- 32 e. Business retention.
- 33 f. Marketing.

34 4. An applicant for moneys appropriated under this  
35 section shall be required by the department to include  
36 in the application a statement regarding the intended  
37 return on investment. A recipient of moneys  
38 appropriated under this section shall annually submit  
39 a statement to the department regarding the progress  
40 achieved on the intended return on investment stated  
41 in the application. The department, in cooperation  
42 with the department of revenue and finance, shall  
43 develop a method of identifying and tracking each new  
44 job created through financial assistance from moneys  
45 appropriated under this section.

46 5. The department may use moneys appropriated  
47 under this section to procure technical assistance  
48 from either the public or private sector, for  
49 information technology purposes, and for rail, air, or  
50 river port transportation-related purposes. The use

H-1616

Page 31

1 of moneys appropriated for rail, air, or river port  
2 transportation-related purposes must be directly  
3 related to an economic development project and the  
4 moneys must be used to leverage other financial  
5 assistance moneys.

6 6. Of the moneys appropriated under this section,  
7 the department may use one-quarter of one percent for  
8 administrative purposes.

9 7. The grow Iowa board is required to approve or  
10 deny applications for financial assistance from moneys  
11 appropriated under this section.

12 Sec. 78. UNIVERSITY AND COLLEGE FINANCIAL  
13 ASSISTANCE APPROPRIATION.

14 1. There is appropriated from the grow Iowa fund  
15 created in section 15G.107, if enacted by 2003 Iowa  
16 Acts, House File 692 or another Act, to the grow Iowa  
17 board for the fiscal period beginning July 1, 2003,  
18 and ending June 30, 2010, the following amounts, or so  
19 much thereof as is necessary, to be used for the  
20 purposes designated:

21 For financial assistance for institutions of higher  
22 learning under the control of the state board of  
23 regents and for accredited private institutions as  
24 defined in section 261.9 for multiuse, goods  
25 manufacturing processes approved by the food and drug  
26 administration of the United States department of  
27 health and human services, protein purification  
28 facilities for plant, animal, and chemical  
29 manufactured proteins; upgrading food and drug  
30 administration drug approval laboratories in Iowa City  
31 to a larger multiclient, goods manufacturing processes  
32 facility; crop and animal livestock facilities for the  
33 growing of transgenic crops and livestock; and  
34 advanced laboratory space:

35	FY 2003-2004.....	\$	5,325,000
36	FY 2004-2005.....	\$	5,325,000
37	FY 2005-2006.....	\$	5,325,000
38	FY 2006-2007.....	\$	5,325,000
39	FY 2007-2008.....	\$	5,325,000
40	FY 2008-2009.....	\$	5,325,000
41	FY 2009-2010.....	\$	5,325,000

42 2. Notwithstanding section 8.33, moneys that  
43 remain unexpended at the end of a fiscal year shall  
44 not revert to any fund but shall remain available for  
45 expenditure for the designated purposes during the  
46 succeeding fiscal year.

47 3. In the distribution of moneys appropriated  
48 pursuant to this section, the grow Iowa board shall  
49 examine the potential for using moneys appropriated  
50 pursuant to this section to leverage other moneys for

H-1616

Page 32

1 financial assistance to accredited private  
2 institutions.

3 4. In awarding moneys appropriated pursuant to  
4 this section, the grow Iowa board shall consider  
5 whether the purchase of suitable existing  
6 infrastructure is more cost-efficient than building  
7 new infrastructure.

8 5. An institution of higher learning under the  
9 control of the state board of regents may apply to use  
10 financial assistance moneys under this section for  
11 purposes of a public and private joint venture to  
12 acquire infrastructure assets or research facilities  
13 or to leverage moneys in a manner consistent with  
14 meeting the goals and performance measures provided in  
15 section 15G.106, if enacted by 2003 Iowa Acts, House  
16 File 692 or another Act.

17 Sec. 79. REHABILITATION PROJECT TAX CREDITS  
18 APPROPRIATION.

19 1. There is appropriated from the grow Iowa fund  
20 created in section 15G.107, if enacted by 2003 Iowa  
21 Acts, House File 692 or another Act, to the general  
22 fund of the state, for the fiscal period beginning  
23 July 1, 2003, and ending June 30, 2010, the following  
24 amounts, or so much thereof as is necessary, to be  
25 used for the purpose designated:

26 For payment of tax credits approved pursuant to  
27 section 404A.4 for projects located in certified  
28 cultural and entertainment districts:

29 FY 2003-2004.....	\$	700,000
30 FY 2004-2005.....	\$	700,000
31 FY 2005-2006.....	\$	700,000
32 FY 2006-2007.....	\$	700,000
33 FY 2007-2008.....	\$	700,000
34 FY 2008-2009.....	\$	700,000
35 FY 2009-2010.....	\$	700,000

36 2. Notwithstanding section 8.33, moneys that  
37 remain unexpended at the end of a fiscal year shall  
38 not revert to any fund but shall remain available for  
39 expenditure for the designated purposes during the  
40 succeeding fiscal year.

41 Sec. 80. LOAN AND CREDIT GUARANTEE FUND  
42 APPROPRIATION.

43 1. There is appropriated from the grow Iowa fund  
44 created in section 15G.107, if enacted by 2003 Iowa  
45 Acts, House File 692 or another Act, to the department  
46 of economic development for the fiscal period  
47 beginning July 1, 2003, and ending June 30, 2010, the  
48 following amounts, or so much thereof as is necessary,  
49 to be used for the purpose designated:

50 For deposit in the loan and credit guarantee fund

H-1616

Page 33

1 created in section 15E.227:

2	FY 2003-2004.....	\$	2,500,000
3	FY 2004-2005.....	\$	7,500,000
4	FY 2005-2006.....	\$	8,575,000
5	FY 2006-2007.....	\$	11,075,000
6	FY 2007-2008.....	\$	13,075,000
7	FY 2008-2009.....	\$	35,075,000
8	FY 2009-2010.....	\$	37,575,000

9 2. Notwithstanding section 8.33, moneys that  
 10 remain unexpended at the end of a fiscal year shall  
 11 not revert to any fund but shall remain available for  
 12 expenditure for the designated purpose during the  
 13 succeeding fiscal year.

14 Sec. 81. ENDOW IOWA TAX CREDITS.

15 1. There is appropriated from the grow Iowa fund  
 16 created in section 15G.107, if enacted by 2003 Iowa  
 17 Acts, House File 692 or another Act, to the general  
 18 fund of the state, for the fiscal period beginning  
 19 July 1, 2003, and ending June 30, 2010, the following  
 20 amounts, or so much thereof as is necessary, to be  
 21 used for the purpose designated:

22 For payment of endow Iowa tax credits authorized  
 23 pursuant to section 15E.305:

24	FY 2003-2004.....	\$	200,000
25	FY 2004-2005.....	\$	200,000
26	FY 2005-2006.....	\$	200,000
27	FY 2006-2007.....	\$	200,000
28	FY 2007-2008.....	\$	200,000
29	FY 2008-2009.....	\$	200,000
30	FY 2009-2010.....	\$	200,000

31 2. Notwithstanding section 8.33, moneys that  
 32 remain unexpended at the end of a fiscal year shall  
 33 not revert to any fund but shall remain available for  
 34 expenditure for the designated purposes during the  
 35 succeeding fiscal year.

36 Sec. 82. ENDOW IOWA GRANTS APPROPRIATION.

37 1. There is appropriated from the grow Iowa fund  
 38 created in section 15G.107, if enacted by 2003 Iowa  
 39 Acts, House File 692 or another Act, to the department  
 40 of economic development for the fiscal period  
 41 beginning July 1, 2003, and ending June 30, 2010, the  
 42 following amounts, or so much thereof as is necessary,  
 43 to be used for the purpose designated:

44 For endow Iowa grants to lead philanthropic  
 45 entities pursuant to section 15E.304:

46	FY 2003-2004.....	\$	200,000
47	FY 2004-2005.....	\$	200,000
48	FY 2005-2006.....	\$	200,000
49	FY 2006-2007.....	\$	200,000
50	FY 2007-2008.....	\$	200,000



H-1616

Page 34

1	FY 2008-2009.....	\$	200,000
2	FY 2009-2010.....	\$	200,000

3 2. Notwithstanding section 8.33, moneys that  
 4 remain unexpended at the end of a fiscal year shall  
 5 not revert to any fund but shall remain available for  
 6 expenditure for the designated purposes during the  
 7 succeeding fiscal year.

8 Sec. 83. ANTICIPATED FEDERAL MONEYS --  
 9 APPROPRIATION.

10 1. There is appropriated from the fund created by  
 11 section 8.41, for the fiscal period beginning July 1,  
 12 2003, and ending June 30, 2005, the following amounts  
 13 to be used for the purpose designated:

14 For deposit in the grow Iowa fund created in  
 15 section 15G.107, if enacted by 2003 Iowa Acts, House  
 16 File 692 or another Act:

17	FY 2003-2004.....	\$	59,000,000
18	FY 2004-2005.....	\$	41,000,000

19 2. Moneys appropriated in this section are moneys  
 20 anticipated to be received from the federal government  
 21 for state and local government fiscal relief under the  
 22 federal Jobs and Growth Tax Relief Reconciliation Act  
 23 of 2003 and shall be expended as provided in the  
 24 federal law making the moneys available and in  
 25 conformance with chapter 17A.

26 3. Notwithstanding section 8.33, moneys that  
 27 remain unexpended at the end of a fiscal year shall  
 28 not revert to any fund but shall remain available for  
 29 expenditure for the designated purposes during the  
 30 succeeding fiscal year.

31 Sec. 84. STREAMLINED SALES AND USE TAX REVENUE --  
 32 APPROPRIATION.

33 1. There is appropriated from the general fund of  
 34 the state from moneys credited to the general fund of  
 35 the state as a result of entering into the streamlined  
 36 sales and use tax agreement, for the fiscal period  
 37 beginning July 1, 2003, and ending June 30, 2010, the  
 38 following amounts to be used for the purpose  
 39 designated:

40 For deposit in the grow Iowa fund created in  
 41 section 15G.107, if enacted by 2003 Iowa Acts, House  
 42 File 692 or another Act:

43	FY 2003-2004.....	\$	5,000,000
44	FY 2004-2005.....	\$	23,000,000
45	FY 2005-2006.....	\$	75,000,000
46	FY 2006-2007.....	\$	75,000,000
47	FY 2007-2008.....	\$	75,000,000
48	FY 2008-2009.....	\$	75,000,000
49	FY 2009-2010.....	\$	75,000,000

50 2. For purposes of this section, "moneys credited

**H-1616**

Page 35

1 to the general fund of the state as a result of  
2 entering into the streamlined sales and use tax  
3 agreement" means the amount of sales and use tax  
4 receipts credited to the general fund of the state  
5 during a fiscal year that exceeds by two percent or  
6 more the total sales and use tax receipts credited to  
7 the general fund of the state during the previous  
8 fiscal year.

9 3. If the moneys credited to the general fund of  
10 the state as a result of entering into the streamlined  
11 sales and use tax agreement during a fiscal year total  
12 less than the amount appropriated in this section, the  
13 appropriation in this section shall be reduced to  
14 equal the total amount of the moneys so credited.

15 4. Notwithstanding section 8.33, moneys that  
16 remain unexpended at the end of a fiscal year shall  
17 not revert to any fund but shall remain available for  
18 expenditure for the designated purposes during the  
19 succeeding fiscal year.

## DIVISION VIII

## WORKFORCE-RELATED ISSUES

22 Sec. 85. NEW SECTION. 260C.18A WORKFORCE  
23 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

24 1. a. A workforce training and economic  
25 development fund is created for each community  
26 college. Moneys shall be deposited and expended from  
27 a fund as provided under this section.

28 b. Moneys in the funds shall consist of any moneys  
29 appropriated by the general assembly and any other  
30 moneys available to and obtained or accepted by the  
31 department of economic development from federal  
32 sources or private sources for placement in the funds.  
33 Notwithstanding section 8.33, moneys in the funds at  
34 the end of each fiscal year shall not revert to any  
35 other fund but shall remain in the funds for  
36 expenditure in subsequent fiscal years.

37 2. On July 1 of each year for the fiscal year  
38 beginning July 1, 2003, and for every fiscal year  
39 thereafter, moneys from the grow Iowa fund created in  
40 section 15G.107, if enacted by 2003 Iowa Acts, House  
41 File 692 or another Act, are appropriated to the  
42 department of economic development for deposit in the  
43 workforce training and economic development funds in  
44 amounts determined pursuant to subsection 3. Moneys  
45 deposited in the funds and disbursed to community  
46 colleges for a fiscal year shall be expended for the  
47 following purposes:

48 a. Projects in which an agreement between a  
49 community college and an employer located within the  
50 community college's merged area meet all of the

**H-1616**

**H-1616**

Page 36

1 requirements of the accelerated career education  
2 program under chapter 260G. However, moneys used by  
3 the community colleges from the workforce training and  
4 economic development fund for these projects shall be  
5 in lieu of the program job credits provided under  
6 chapter 260G. Projects using moneys from the  
7 workforce training and economic development fund under  
8 this paragraph shall be in accordance with rules  
9 adopted by the department of economic development  
10 under chapter 260G.

11 b. Projects in which an agreement between a  
12 community college and a business meet all the  
13 requirements of the Iowa jobs training Act under  
14 chapter 260F. However, when moneys are provided  
15 through the grow Iowa fund for such projects, section  
16 260F.6, subsections 1 and 2, and section 260F.8 shall  
17 not apply. Projects using moneys from the workforce  
18 training and economic development fund under this  
19 paragraph shall be in accordance with rules adopted by  
20 the department of economic development under chapter  
21 260F.

22 c. For the development and implementation of  
23 career academies designed to provide new career  
24 preparation opportunities for high school students  
25 that are formally linked with postsecondary career and  
26 technical education programs. Moneys from workforce  
27 training and economic development funds that are  
28 expended for purposes of this paragraph shall be in  
29 accordance with the plan submitted to the department  
30 of economic development and the grow Iowa board under  
31 subsection 5. For purposes of this section, "career  
32 academy" means a program of study that combines a  
33 minimum of two years of secondary education with an  
34 associate degree, or the equivalent, career  
35 preparatory program in a nonduplicative, sequential  
36 course of study that is standards based, integrates  
37 academic and technical instruction, utilizes work-  
38 based and worksite learning where appropriate and  
39 available, utilizes an individual career planning  
40 process with parent involvement, and leads to an  
41 associate degree or postsecondary diploma or  
42 certificate in a career field that prepares an  
43 individual for entry and advancement in a high-skill  
44 and reward career field and further education. The  
45 state board of education, in conjunction with the  
46 division of community colleges and workforce  
47 preparation of the department of education, and in  
48 consultation with the department of economic  
49 development, shall adopt administrative rules for the  
50 development and implementation of such career

**H-1616**

**H-1616**

Page 37

1 academies pursuant to section 256.11, subsection 5,  
2 paragraph "h", section 260C.1, and Title II of Pub. L.  
3 No. 105-332, Carl D. Perkins Vocational and Technical  
4 Education Act of 1998.

5 d. Programs and courses that provide vocational  
6 and technical training, and programs for in-service  
7 training and retraining under section 260C.1,  
8 subsections 2 and 3.

9 3. Moneys from the workforce training and economic  
10 development fund that are expended for purposes of  
11 this subsection shall be in accordance with the plan  
12 submitted to the department of economic development  
13 and the grow Iowa board under subsection 5. The  
14 maximum cumulative total amount of moneys that may be  
15 deposited in all the workforce training and economic  
16 development funds for distribution to community  
17 colleges in a fiscal year shall be determined as  
18 follows:

19 a. Six million dollars for the fiscal year  
20 beginning July 1, 2003.

21 b. Eleven million dollars for the fiscal year  
22 beginning July 1, 2004.

23 c. Twenty million dollars for the fiscal year  
24 beginning July 1, 2005.

25 d. Twenty million dollars for the fiscal year  
26 beginning July 1, 2006.

27 e. Twenty million dollars for the fiscal year  
28 beginning July 1, 2007.

29 f. Fifteen million dollars for the fiscal year  
30 beginning July 1, 2008.

31 g. Fifteen million dollars for the fiscal year  
32 beginning July 1, 2009.

33 4. The department of economic development shall  
34 allocate the moneys appropriated pursuant to this  
35 section to the community college workforce training  
36 and economic development funds utilizing the same  
37 distribution formula used for the allocation of state  
38 general aid to the community colleges.

39 5. Each community college shall do all of the  
40 following:

41 a. Adopt a two-year workforce training and  
42 economic development fund plan outlining the community  
43 college's proposed use of moneys appropriated under  
44 subsection 2.

45 b. Update the two-year plan annually.

46 c. Prepare an annual progress report on the two-  
47 year plan's implementation.

48 d. Annually submit the two-year plan and progress  
49 report to the department of economic development in a  
50 manner prescribed by rules adopted by the department

**H-1616**

**H-1616**

Page 38

1 pursuant to chapter 17A and annually file a copy of  
2 the plan and progress report with the grow Iowa board.

3 6. Any individual project using over one million  
4 dollars of moneys from a workforce training and  
5 economic development fund shall require prior approval  
6 from the grow Iowa board.

7 Sec. 86. NEW SECTION. 260F.9 JOB RETENTION  
8 PROGRAM AND FUND.

9 1. A job retention fund is created in the state  
10 treasury under the control of the department of  
11 economic development to encourage the retention of  
12 existing jobs and income that would otherwise be lost  
13 and encourage large businesses to remain in the state.  
14 Moneys shall be deposited and expended from the fund  
15 as provided in this section.

16 2. There is appropriated from the grow Iowa fund  
17 created in section 15G.107, if enacted by 2003 Iowa  
18 Acts, House File 692 or another Act, to the department  
19 of economic development for the fiscal period  
20 beginning July 1, 2003, and ending June 30, 2006, the  
21 following amounts to be used for funding of job  
22 retention programs and agreements authorized by the  
23 department and participating community colleges as  
24 provided in this section:

25 a. One million dollars for the fiscal year  
26 beginning July 1, 2003.

27 b. One million dollars for the fiscal year  
28 beginning July 1, 2004.

29 c. One million dollars for the fiscal year  
30 beginning July 1, 2005.

31 3. Notwithstanding section 8.33, moneys that  
32 remain unexpended at the end of a fiscal year shall  
33 not revert to any fund but shall remain available for  
34 expenditure for the designated purposes during the  
35 succeeding fiscal year.

36 4. The department of economic development shall  
37 administer the allocation of moneys in the job  
38 retention fund and shall administer the job retention  
39 program. The department shall adopt rules pursuant to  
40 chapter 17A necessary for the administration of this  
41 section. By January 15 of each year, the department  
42 shall submit a written report to the general assembly  
43 and the governor regarding the activities of the job  
44 retention program during the previous calendar year.

45 5. A community college and the department may  
46 enter into an agreement to establish a job retention  
47 project. A job retention project agreement shall  
48 include, but not be limited to, the following:

49 a. The date of the agreement.

50 b. The anticipated number of employees to be

**H-1616**

**H-1616**

Page 39

1 trained.

2 c. The estimated cost of training.

3 d. A statement regarding the number of employees  
4 employed by the participating business on the date of  
5 the agreement which must equal at least the lesser of  
6 one thousand employees or four percent or more of the  
7 county's resident labor force based on the most recent  
8 annual labor force statistics from the department of  
9 workforce development.

10 e. A commitment that the participating business  
11 shall invest at least fifteen million dollars to  
12 retool the workplace and upgrade the facilities of the  
13 participating business.

14 f. A commitment that the participating business  
15 shall not move the business operation out of this  
16 state or close the business operation for at least ten  
17 years following the date of the agreement.

18 g. Other criteria established by the department of  
19 economic development.

20 6. A job retention project agreement entered into  
21 pursuant to this section must be approved by the board  
22 of trustees of the applicable community college, the  
23 department of economic development, and the  
24 participating business.

25 Sec. 87. NEW SECTION. 260F.101 REPORTING.

26 A community college entering into an agreement  
27 pursuant to this chapter shall submit an annual  
28 written report by the end of each calendar year with  
29 the grow Iowa board created in section 15G.102, if  
30 enacted by 2003 Iowa Acts, House File 692 or another  
31 Act. The report shall provide information regarding  
32 how the agreement affects the achievement of the goals  
33 and performance measures provided in section 15G.106,  
34 if enacted by 2003 Iowa Acts, House File 692 or  
35 another Act.

36 Sec. 88. Section 260G.3, subsection 2, Code 2003,  
37 is amended to read as follows:

38 2. An agreement may include reasonable and  
39 necessary provisions to implement the accelerated  
40 career education program. If an agreement that  
41 utilizes program job credits is entered into, the  
42 community college and the employer shall notify the  
43 department of revenue and finance as soon as possible.  
44 The community college shall also file a copy of the  
45 agreement with the department of economic development  
46 as required in section 260G.4B. The agreement shall  
47 provide for program costs, including deferred costs,  
48 which may be paid from any of the following sources:

49 a. Program job credits which the employer receives  
50 based on the number of program job positions agreed to

**H-1616**

H-1616

Page 40

- 1 by the employer to be available under the agreement.
- 2 b. Cash or in-kind contributions by the employer
- 3 toward the program cost. At a minimum, the employer
- 4 contribution shall be twenty percent of the program
- 5 costs.
- 6 c. Tuition, student fees, or special charges fixed
- 7 by the board of directors to defray program costs.
- 8 d. Guarantee by the employer of payments to be
- 9 received under paragraphs "a" and "b".
- 10 e. Moneys from a workforce training and economic
- 11 development fund created in section 260C.18A, based on
- 12 the number of program job positions agreed to by the
- 13 employer to be available under the agreement, the
- 14 amount of which shall be calculated in the same manner
- 15 as the program job credits provided for in section
- 16 260G.4A.

17 Sec. 89. NEW SECTION. 260G.101 REPORTING.

18 A community college entering into an agreement  
 19 pursuant to this chapter shall submit an annual  
 20 written report by the end of each calendar year with  
 21 the grow Iowa board created in section 15G.102, if  
 22 enacted by 2003 Iowa Acts, House File 692 or another  
 23 Act. The report shall provide information regarding  
 24 how the agreement affects the achievement of the goals  
 25 and performance measures provided in section 15G.106,  
 26 if enacted by 2003 Iowa Acts, House File 692 or  
 27 another Act.

28 DIVISION IX

29 LOAN AND CREDIT GUARANTEE FUND

30 Sec. 90. NEW SECTION. 15E.227 LOAN AND CREDIT  
 31 GUARANTEE FUND.

32 1. A loan and credit guarantee fund is created and  
 33 established as a separate and distinct fund in the  
 34 state treasury. Moneys in the fund shall only be used  
 35 for purposes provided in this section. The moneys in  
 36 the fund are appropriated to the department to be used  
 37 for all of the following purposes:

38 a. Payment of claims pursuant to loan and credit  
 39 guarantee agreements entered into under this division.

40 b. Payment of administrative costs of the  
 41 department for actual and necessary administrative  
 42 expenses incurred by the department in administering  
 43 the program.

44 c. Purchase or buyout of superior or prior liens,  
 45 mortgages, or security interests.

46 2. Moneys in the loan and credit guarantee fund  
 47 shall consist of all of the following:

48 a. Moneys appropriated by the general assembly for  
 49 that purpose and any other moneys available to and  
 50 obtained or accepted by the department for placement

H-1616

**H-1616**

Page 41

1 in the fund.

2 b. Proceeds from collateral assigned to the  
3 department, fees for guarantees, gifts, and moneys  
4 from any grant made to the fund by any federal agency.

5 c. Moneys appropriated from the grow Iowa fund  
6 created in section 15G.107, if enacted by 2003 Iowa  
7 Acts, House File 692 or another Act.

8 3. Moneys in the fund are not subject to section  
9 8.33. Notwithstanding section 12C.7, interest or  
10 earnings on the moneys in the fund shall be credited  
11 to the fund.

12 4. a. The department shall only pledge moneys in  
13 the loan and credit guarantee fund and not any other  
14 moneys of the department. The department may pledge  
15 an amount not to exceed a total of any of the  
16 following amounts of moneys in the fund to assure the  
17 repayment of loan and credit guarantees or other  
18 extensions of credit made to or on behalf of qualified  
19 businesses or targeted industry businesses for  
20 eligible project costs.

21 (1) Two million five hundred thousand dollars for  
22 the fiscal year beginning July 1, 2003.

23 (2) Seven million five hundred thousand dollars  
24 for the fiscal year beginning July 1, 2004.

25 (3) Eight million five hundred seventy-five  
26 thousand dollars for the fiscal year beginning July 1,  
27 2005.

28 (4) Eleven million seventy-five thousand dollars  
29 for the fiscal year beginning July 1, 2006.

30 (5) Thirteen million seventy-five thousand dollars  
31 for the fiscal year beginning July 1, 2007.

32 (6) Thirty-five million seventy-five thousand  
33 dollars for the fiscal year beginning July 1, 2008.

34 (7) Thirty-seven million five hundred seventy-five  
35 thousand dollars for the fiscal year beginning July 1,  
36 2009.

37 b. The department shall not pledge the credit or  
38 taxing power of this state or any political  
39 subdivision of this state or make debts payable out of  
40 any moneys except for those in the loan and credit  
41 guarantee fund.

## DIVISION X

## UNIVERSITY-BASED RESEARCH UTILIZATION

## PROGRAM APPROPRIATION

Sec. 91. NEW SECTION. 262B.12 APPROPRIATION.

46 On July 1 of each year there is appropriated from  
47 the general fund of the state to each university under  
48 the control of the state board of regents, an amount  
49 equal to the amount determined by the department of  
50 economic development pursuant to section 262B.11,

**H-1616**



**H-1616**

Page 42

1 subsection 4, paragraph "c", subparagraph (2), if  
2 enacted by 2003 Iowa Acts, House File 692 or another  
3 Act.

## DIVISION XI

## ENDOW IOWA TAX CREDIT

6 Sec. 92. NEW SECTION. 15E.305 ENDOW IOWA TAX  
7 CREDIT.

8 1. For tax years beginning on or after January 1,  
9 2003, a tax credit shall be allowed against the taxes  
10 imposed in chapter 422, divisions II, III, and V, and  
11 in chapter 432, and against the moneys and credits tax  
12 imposed in section 533.24 equal to twenty percent of a  
13 taxpayer's endowment gift to a qualified community  
14 foundation. An individual may claim a tax credit  
15 under this section of a partnership, limited liability  
16 company, S corporation, estate, or trust electing to  
17 have income taxed directly to the individual. The  
18 amount claimed by the individual shall be based upon  
19 the pro rata share of the individual's earnings from  
20 the partnership, limited liability company, S  
21 corporation, estate, or trust. A tax credit shall be  
22 allowed only for an endowment gift made to a qualified  
23 community foundation for a permanent endowment fund  
24 established to benefit a charitable cause in this  
25 state. Any tax credit in excess of the taxpayer's tax  
26 liability for the tax year may be credited to the tax  
27 liability for the following five years or until  
28 depleted, whichever occurs first. A tax credit shall  
29 not be carried back to a tax year prior to the tax  
30 year in which the taxpayer claims the tax credit.

31 2. The aggregate amount of tax credits authorized  
32 pursuant to this section shall not exceed a total of  
33 two million dollars. The maximum amount of tax  
34 credits granted to a taxpayer shall not exceed five  
35 percent of the aggregate amount of tax credits  
36 authorized.

37 3. A tax credit shall not be transferable to any  
38 other taxpayer.

39 4. A tax credit shall not be authorized pursuant  
40 to this section after December 31, 2005.

41 5. The department shall develop a system for  
42 registration and authorization of tax credits under  
43 this section and shall control the distribution of all  
44 tax credits to taxpayers providing an endowment gift  
45 subject to this section. The department shall adopt  
46 administrative rules pursuant to chapter 17A for the  
47 qualification and administration of endowment gifts.

48 Sec. 93. NEW SECTION. 422.11H ENDOW IOWA TAX  
49 CREDIT.

50 The tax imposed under this division, less the

**H-1616**

**H-1616**

Page 43

1 credits allowed under sections 422.12 and 422.12B,  
2 shall be reduced by an endow Iowa tax credit  
3 authorized pursuant to section 15E.305.

4 Sec. 94. Section 422.33, Code 2003, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 14. The taxes imposed under this  
7 division shall be reduced by an endow Iowa tax credit  
8 authorized pursuant to section 15E.305.

9 Sec. 95. Section 422.60, Code 2003, is amended by  
10 adding the following new subsection:

11 NEW SUBSECTION. 7. The taxes imposed under this  
12 division shall be reduced by an endow Iowa tax credit  
13 authorized pursuant to section 15E.305.

14 Sec. 96. NEW SECTION. 432.12D ENDOW IOWA TAX  
15 CREDIT.

16 The tax imposed under this chapter shall be reduced  
17 by an endow Iowa tax credit authorized pursuant to  
18 section 15E.305.

19 Sec. 97. Section 533.24, Code 2003, is amended by  
20 adding the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
22 tax imposed under this section shall be reduced by an  
23 endow Iowa tax credit authorized pursuant to section  
24 15E.305.

25 Sec. 98. EFFECTIVE AND RETROACTIVE APPLICABILITY  
26 DATES. This division of this Act, being deemed of  
27 immediate importance, takes effect upon enactment and  
28 is retroactively applicable to January 1, 2003, for  
29 tax years beginning on or after that date.

30 DIVISION XII

31 REHABILITATION PROJECT TAX CREDITS

32 Sec. 99. Section 404A.4, subsection 4, Code 2003,  
33 is amended to read as follows:

34 4. The total amount of tax credits that may be  
35 approved for a fiscal year under this chapter shall  
36 not exceed two million four hundred thousand dollars.  
37 For the fiscal years beginning July 1, 2003, and July  
38 1, 2004, an additional two million dollars of tax  
39 credits may be approved each fiscal year for purposes  
40 of projects located in cultural and entertainment  
41 districts certified pursuant to section 303.3B, if  
42 enacted by 2003 Iowa Acts, House File 692 or another  
43 Act. Any of the additional tax credits allocated for  
44 projects located in certified cultural and  
45 entertainment districts that are not approved during a  
46 fiscal year may be carried over to the succeeding  
47 fiscal year. Tax credit certificates shall be issued  
48 on the basis of the earliest awarding of  
49 certifications of completion as provided in subsection  
50 1. The departments of economic development and

**H-1616**

-43-

**H-1616**

Page 44

1 revenue and finance shall each adopt rules to jointly  
2 administer this subsection and shall provide by rule  
3 for the method to be used to determine for which  
4 fiscal year the tax credits are approved.

## 5 DIVISION XIII

## 6 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND

7 Sec. 100. Section 8.57, subsection 5, Code 2003,  
8 is amended by adding the following new paragraph:  
9 NEW PARAGRAPH. f. There is appropriated from the  
10 rebuild Iowa infrastructure fund to the state  
11 assistance for educational infrastructure fund created  
12 in 2003 Iowa Acts, House File 692 or another Act, for  
13 each fiscal year of the fiscal period beginning July  
14 1, 2004, and ending June 30, 2014, the amount of the  
15 moneys in excess of the first forty-seven million  
16 dollars credited to the rebuild Iowa infrastructure  
17 fund during the fiscal year, not to exceed ten million  
18 dollars.

19 Sec. 101. NEW SECTION. 292A.3A APPROPRIATION.

20 There is appropriated from the general fund of the  
21 state from moneys credited to the general fund of the  
22 state as a result of the state entering into the  
23 streamlined sales and use tax agreement to the state  
24 assistance for educational infrastructure fund created  
25 in 2003 Iowa Acts, House File 692 or another Act, the  
26 sum of five million dollars for each fiscal year of  
27 the fiscal period beginning July 1, 2004, and ending  
28 June 30, 2014. The appropriation in this section  
29 shall be made after the appropriation from the same  
30 source to the grow Iowa fund created in 2003 Iowa  
31 Acts, House File 692 or another Act. For purposes of  
32 this section, "moneys credited to the general fund of  
33 the state as a result of entering into the streamlined  
34 sales and use tax agreement" means the amount of sales  
35 and use tax receipts credited to the general fund of  
36 the state during a fiscal year that exceeds by two  
37 percent or more the total sales and use tax receipts  
38 credited to the general fund of the state during the  
39 previous fiscal year.

## 40 DIVISION XIV

## 41 REPEALS

42 Sec. 102. The divisions of this Act designated  
43 economic development appropriations, workforce-related  
44 issues, loan and credit guarantee fund, university-  
45 based research utilization program appropriation,  
46 endow Iowa tax credit, and rehabilitation project tax  
47 credits are repealed effective June 30, 2010.

## 48 DIVISION XV

## 49 STREAMLINED SALES AND USE TAXES

## 50 SUBCHAPTER I

**H-1616**

-44-

**H-1616**

Page 45

## DEFINITIONS

- 1  
2 Sec. 103. NEW SECTION. 423.1 DEFINITIONS.  
3 As used in this chapter the following words, terms,  
4 and phrases have the meanings ascribed to them by this  
5 section, except where the context clearly indicates  
6 that a different meaning is intended:
- 7 1. "Agent" means a person appointed by a seller to  
8 represent the seller before the member states.
  - 9 2. "Agreement" means the streamlined sales and use  
10 tax agreement authorized by subchapter IV of this  
11 chapter to provide a mechanism for establishing and  
12 maintaining a cooperative, simplified system for the  
13 application and administration of sales and use taxes.
  - 14 3. "Agricultural production" includes the  
15 production of flowering, ornamental, or vegetable  
16 plants in commercial greenhouses or otherwise, and  
17 production from aquaculture. "Agricultural products"  
18 includes flowering, ornamental, or vegetable plants  
19 and those products of aquaculture.
  - 20 4. "Business" includes any activity engaged in by  
21 any person or caused to be engaged in by the person  
22 with the object of gain, benefit, or advantage, either  
23 direct or indirect.
  - 24 5. "Certificate of title" means a certificate of  
25 title issued for a vehicle or for manufactured housing  
26 under chapter 321.
  - 27 6. "Certified automated system" means software  
28 certified under the agreement to calculate the tax  
29 imposed by each jurisdiction on a transaction,  
30 determine the amount of tax to remit to the  
31 appropriate state, and maintain a record of the  
32 transaction.
  - 33 7. "Certified service provider" means an agent  
34 certified under the agreement to perform all of a  
35 seller's sales or use tax functions, other than the  
36 seller's obligation to remit tax on its own purchases.
  - 37 8. "Computer" means an electronic device that  
38 accepts information in digital or similar form and  
39 manipulates the information for a result based on a  
40 sequence of instructions.
  - 41 9. "Computer software" means a set of coded  
42 instructions designed to cause a computer or automatic  
43 data processing equipment to perform a task.
  - 44 10. "Delivered electronically" means delivered to  
45 the purchaser by means other than tangible storage  
46 media.
  - 47 11. "Delivery charges" means charges assessed by a  
48 seller of personal property or services for  
49 preparation and delivery to a location designated by  
50 the purchaser of personal property or services

**H-1616**

-45-

**H-1616**

Page 46

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

**H-1616**

-46-

**H-1616**

Page 47

1 for a fixed or indeterminate term for consideration.

2 A "lease or rental" may include future options to  
3 purchase or extend.

4 b. "Lease or rental" includes agreements covering  
5 motor vehicles and trailers when the amount of  
6 consideration may be increased or decreased by  
7 reference to the amount realized upon sale or  
8 disposition of the property as defined in 26 U.S.C. §  
9 7701(h)(1).

10 c. "Lease or rental" does not include any of the  
11 following:

12 (1) A transfer of possession or control of  
13 property under a security agreement or deferred  
14 payment plan that requires the transfer of title upon  
15 completion of the required payments.

16 (2) A transfer of possession or control of  
17 property under an agreement that requires the transfer  
18 of title upon completion of required payments, and  
19 payment of any option price does not exceed the  
20 greater of one hundred dollars or one percent of the  
21 total required payments.

22 (3) Providing tangible personal property along  
23 with an operator for a fixed or indeterminate period  
24 of time. A condition of this exclusion is that the  
25 operator is necessary for the equipment to perform as  
26 designed. For the purpose of this subparagraph, an  
27 operator must do more than maintain, inspect, or set  
28 up the tangible personal property.

29 d. This definition shall be used for sales and use  
30 tax purposes regardless of whether a transaction is  
31 characterized as a lease or rental under generally  
32 accepted accounting principles, the Internal Revenue  
33 Code, the Uniform Commercial Code, or other provisions  
34 of federal, state, or local law.

35 23. "Livestock" includes but is not limited to an  
36 animal classified as an ostrich, rhea, emu, bison, or  
37 farm deer.

38 24. "Manufactured housing" means "manufactured  
39 home" as defined in section 321.1.

40 25. "Member state" is any state which has signed  
41 the agreement.

42 26. "Mobile home" means "manufactured or mobile  
43 home" as defined in section 321.1.

44 27. "Model 1 seller" is a seller that has selected  
45 a certified service provider as its agent to perform  
46 all the seller's sales and use tax functions, other  
47 than the seller's obligation to remit tax on its own  
48 purchases.

49 28. "Model 2 seller" is a seller that has selected  
50 a certified automated system to perform part of its

**H-1616**

**H-1616**

Page 48

1 sales and use tax functions, but retains  
2 responsibility for remitting the tax.

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

13 30. "Nonresidential commercial operations" means  
14 industrial, commercial, mining, or agricultural  
15 operations, whether for profit or not, but does not  
16 include apartment complexes or mobile home parks.

17 31. "Not registered under the agreement" means  
18 lack of registration by a seller with the member  
19 states under the central registration system  
20 referenced in section 423.11, subsection 4.

21 32. "Person" means an individual, trust, estate,  
22 fiduciary, partnership, limited liability company,  
23 limited liability partnership, corporation, or any  
24 other legal entity.

25 33. "Place of business" means any warehouse,  
26 store, place, office, building, or structure where  
27 goods, wares, or merchandise are offered for sale at  
28 retail or where any taxable amusement is conducted, or  
29 each office where gas, water, heat, communication, or  
30 electric services are offered for sale at retail.

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

38 34. "Prewritten computer software" includes  
39 software designed and developed by the author or other  
40 creator to the specifications of a specific purchaser  
41 when it is sold to a person other than the purchaser.  
42 The combining of two or more prewritten computer  
43 software programs or prewritten portions of prewritten  
44 programs does not cause the combination to be other  
45 than prewritten computer software. "Prewritten  
46 computer software" also means computer software,  
47 including prewritten upgrades, which is not designed  
48 and developed by the author or other creator to the  
49 specifications of a specific purchaser.

50 When a person modifies or enhances computer

**H-1616**

**H-1616**

Page 49

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

15 35. "Property purchased for resale in connection  
16 with the performance of a service" means property  
17 which is purchased for resale in connection with the  
18 rendition, furnishing, or performance of a service by  
19 a person who renders, furnishes, or performs the  
20 service if all of the following occur:

21 a. The provider and user of the service intend  
22 that a sale of the property will occur.

23 b. The property is transferred to the user of the  
24 service in connection with the performance of the  
25 service in a form or quantity capable of a fixed or  
26 definite price value.

27 c. The sale is evidenced by a separate charge for  
28 the identifiable piece of property.

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

32 37. "Purchase price" means the same as "sales  
33 price" as defined in this section.

34 38. "Purchaser" is a person to whom a sale of  
35 personal property is made or to whom a service is  
36 furnished.

37 39. "Receive" and "receipt" mean any of the  
38 following:

39 a. Taking possession of tangible personal  
40 property.

41 b. Making first use of a service.

42 c. Taking possession or making first use of  
43 digital goods, whichever comes first.

44 "Receive" and "receipt" do not include possession  
45 by a shipping company on behalf of a purchaser.

46 40. "Registered under the agreement" means  
47 registration by a seller under the central  
48 registration system referenced in section 423.11,  
49 subsection 4.

50 41. "Relief agency" means the state, any county,

**H-1616**

-49-



**H-1616**

Page 50

1 city and county, city, or district thereof, or any  
2 agency engaged in actual relief work.

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

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

37 44. "Retailers who are not model sellers" means  
38 all retailers other than model 1, model 2, or model 3  
39 sellers.

40 45. "Retail sale" or "sale at retail" means any  
41 sale, lease, or rental for any purpose other than  
42 resale, sublease, or subrent.

43 46. "Sales" or "sale" means any transfer,  
44 exchange, or barter, conditional or otherwise, in any  
45 manner or by any means whatsoever, for consideration.

46 47. "Sales price" applies to the measure subject  
47 to sales tax.

48 a. "Sales price" means the total amount of  
49 consideration, including cash, credit, property, and  
50 services, for which personal property or services are

**H-1616**

**H-1616**

Page 51

1 sold, leased, or rented, valued in money, whether  
2 received in money or otherwise, without any deduction  
3 for any of the following:

- 4 (1) The seller's cost of the property sold.
- 5 (2) The cost of materials used, labor or service  
6 cost, interest, losses, all costs of transportation to  
7 the seller, all taxes imposed on the seller, and any  
8 other expenses of the seller.
- 9 (3) Charges by the seller for any services  
10 necessary to complete the sale, other than delivery  
11 and installation charges.
- 12 (4) Delivery charges.
- 13 (5) Installation charges.
- 14 (6) The value of exempt personal property given to  
15 the purchaser where taxable and exempt personal  
16 property have been bundled together and sold by the  
17 seller as a single product or piece of merchandise.
- 18 (7) Credit for any trade-in authorized by section  
19 423.3, subsection 58.

20 b. "Sales price" does not include:

- 21 (1) Discounts, including cash, term, or coupons  
22 that are not reimbursed by a third party that are  
23 allowed by a seller and taken by a purchaser on a  
24 sale.
- 25 (2) Interest, financing, and carrying charges from  
26 credit extended on the sale of personal property or  
27 services, if the amount is separately stated on the  
28 invoice, bill of sale, or similar document given to  
29 the purchaser.
- 30 (3) Any taxes legally imposed directly on the  
31 consumer that are separately stated on the invoice,  
32 bill of sale, or similar document given to the  
33 purchaser.
- 34 (4) The amounts received for charges included in  
35 paragraph "a", subparagraphs (3) through (7), if they  
36 are separately contracted for and separately stated on  
37 the invoice, billing, or similar document given to the  
38 purchaser.

39 48. "Sales tax" means the tax levied under  
40 subchapter II of this chapter.

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

43 50. "Services" means all acts or services  
44 rendered, furnished, or performed, other than services  
45 used in processing of tangible personal property for  
46 use in retail sales or services, for an employer, as  
47 defined in section 422.4, subsection 3, for a valuable  
48 consideration by any person engaged in any business or  
49 occupation specifically enumerated in section 423.2.

50 The tax shall be due and collectible when the service

**H-1616**

-51-

**H-1616**

Page 52

1 is rendered, furnished, or performed for the ultimate  
2 user of the service.

3 51. "Services used in the processing of tangible  
4 personal property" includes the reconditioning or  
5 repairing of tangible personal property of the type  
6 normally sold in the regular course of the retailer's  
7 business and which is held for sale.

8 52. "State" means any state of the United States  
9 and the District of Columbia.

10 53. "System" means the central electronic  
11 registration system maintained by Iowa and other  
12 states which are signatories to the agreement.

13 54. "Tangible personal property" means personal  
14 property that can be seen, weighed, measured, felt, or  
15 touched, or that is in any other manner perceptible to  
16 the senses. "Tangible personal property" includes  
17 electricity, water, gas, steam, and prewritten  
18 computer software.

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

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

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

34 58. "Use tax" means the tax levied under  
35 subchapter III of this chapter for which the retailer  
36 collects and remits tax to the department.

37 59. "User" means the immediate recipient of the  
38 services who is entitled to exercise a right of power  
39 over the product of such services.

40 60. "Value of services" means the price to the  
41 user exclusive of any direct tax imposed by the  
42 federal government or by this chapter.

43 61. "Vehicles subject to registration" means any  
44 vehicle subject to registration pursuant to section  
45 321.18.

#### SUBCHAPTER II

#### SALES TAX

48 Sec. 104. NEW SECTION. 423.2 TAX IMPOSED.

49 1. There is imposed a tax of five percent upon the  
50 sales price of all sales of tangible personal

**H-1616**

**H-1616**

Page 53

1 property, consisting of goods, wares, or merchandise,  
2 sold at retail in the state to consumers or users  
3 except as otherwise provided in this subchapter.

4 a. For the purposes of this subchapter, sales of  
5 the following services are treated as if they were  
6 sales of tangible personal property:

7 (1) Sales of engraving, photography, retouching,  
8 printing, and binding services.

9 (2) Sales of vulcanizing, recapping, and  
10 retreading services.

11 (3) Sales of prepaid telephone calling cards and  
12 prepaid authorization numbers.

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

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

35 (5) Renting of rooms, apartments, or sleeping  
36 quarters in a hotel, motel, inn, public lodging house,  
37 rooming house, mobile home which is tangible personal  
38 property, or tourist court, or in any place where  
39 sleeping accommodations are furnished to transient  
40 guests for rent, whether with or without meals.  
41 "Renting" and "rent" include any kind of direct or  
42 indirect charge for such rooms, apartments, or  
43 sleeping quarters, or their use. However, the tax  
44 does not apply to the sales price from the renting of  
45 a room, apartment, or sleeping quarters while rented  
46 by the same person for a period of more than thirty-  
47 one consecutive days.

48 b. Sales of building materials, supplies, and  
49 equipment to owners, contractors, subcontractors, or  
50 builders for the erection of buildings or the

**H-1616**

-53-

**H-1616**

Page 54

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

27 c. The use within this state of tangible personal  
28 property by the manufacturer thereof, as building  
29 materials, supplies, or equipment, in the performance  
30 of construction contracts in Iowa, shall, for the  
31 purpose of this subchapter, be construed as a sale at  
32 retail of tangible personal property by the  
33 manufacturer who shall be deemed to be the consumer of  
34 such tangible personal property. The tax shall be  
35 computed upon the cost to the manufacturer of the  
36 fabrication or production of the tangible personal  
37 property.

38 2. A tax of five percent is imposed upon the sales  
39 price of the sale or furnishing of gas, electricity,  
40 water, heat, pay television service, and communication  
41 service, including the sales price from such sales by  
42 any municipal corporation or joint water utility  
43 furnishing gas, electricity, water, heat, pay  
44 television service, and communication service to the  
45 public in its proprietary capacity, except as  
46 otherwise provided in this subchapter, when sold at  
47 retail in the state to consumers or users.

48 3. A tax of five percent is imposed upon the sales  
49 price of all sales of tickets or admissions to places  
50 of amusement, fairs, and athletic events except those

**H-1616**

-54-

**H-1616**

Page 55

1 of elementary and secondary educational institutions.  
2 A tax of five percent is imposed on the sales price of  
3 an entry fee or like charge imposed solely for the  
4 privilege of participating in an activity at a place  
5 of amusement, fair, or athletic event unless the sales  
6 price of tickets or admissions charges for observing  
7 the same activity are taxable under this subchapter.  
8 A tax of five percent is imposed upon that part of  
9 private club membership fees or charges paid for the  
10 privilege of participating in any athletic sports  
11 provided club members.

12 4. A tax of five percent is imposed upon the sales  
13 price derived from the operation of all forms of  
14 amusement devices and games of skill, games of chance,  
15 raffles, and bingo games as defined in chapter 99B,  
16 operated or conducted within the state, the tax to be  
17 collected from the operator in the same manner as for  
18 the collection of taxes upon the sales price of  
19 tickets or admission as provided in this section.  
20 Nothing in this subsection shall legalize any games of  
21 skill or chance or slot-operated devices which are now  
22 prohibited by law.

23 The tax imposed under this subsection covers the  
24 total amount from the operation of games of skill,  
25 games of chance, raffles, and bingo games as defined  
26 in chapter 99B, and musical devices, weighing  
27 machines, shooting galleries, billiard and pool  
28 tables, bowling alleys, pinball machines, slot-  
29 operated devices selling merchandise not subject to  
30 the general sales taxes and on the total amount from  
31 devices or systems where prizes are in any manner  
32 awarded to patrons and upon the receipts from fees  
33 charged for participation in any game or other form of  
34 amusement, and generally upon the sales price from any  
35 source of amusement operated for profit, not specified  
36 in this section, and upon the sales price from which  
37 tax is not collected for tickets or admission, but tax  
38 shall not be imposed upon any activity exempt from  
39 sales tax under section 423.3, subsection 78. Every  
40 person receiving any sales price from the sources  
41 described in this section is subject to all provisions  
42 of this subchapter relating to retail sales tax and  
43 other provisions of this chapter as applicable.

44 5. There is imposed a tax of five percent upon the  
45 sales price from the furnishing of services as defined  
46 in section 423.1.

47 6. The sales price of any of the following  
48 enumerated services is subject to the tax imposed by  
49 subsection 5: alteration and garment repair; armored  
50 car; vehicle repair; battery, tire, and allied;

**H-1616**

-55-

**H-1616**

Page 56

1 investment counseling; service charges of all  
2 financial institutions; barber and beauty; boat  
3 repair; vehicle wash and wax; campgrounds; carpentry;  
4 roof, shingle, and glass repair; dance schools and  
5 dance studios; dating services; dry cleaning,  
6 pressing, dyeing, and laundering; electrical and  
7 electronic repair and installation; excavating and  
8 grading; farm implement repair of all kinds; flying  
9 service; furniture, rug, carpet, and upholstery repair  
10 and cleaning; fur storage and repair; golf and country  
11 clubs and all commercial recreation; gun and camera  
12 repair; house and building moving; household  
13 appliance, television, and radio repair; janitorial  
14 and building maintenance or cleaning; jewelry and  
15 watch repair; lawn care, landscaping, and tree  
16 trimming and removal; limousine service, including  
17 driver; machine operator; machine repair of all kinds;  
18 motor repair; motorcycle, scooter, and bicycle repair;  
19 oilers and lubricators; office and business machine  
20 repair; painting, papering, and interior decorating;  
21 parking facilities; pay television; pet grooming; pipe  
22 fitting and plumbing; wood preparation; executive  
23 search agencies; private employment agencies,  
24 excluding services for placing a person in employment  
25 where the principal place of employment of that person  
26 is to be located outside of the state; reflexology;  
27 security and detective services; sewage services for  
28 nonresidential commercial operations; sewing and  
29 stitching; shoe repair and shoeshine; sign  
30 construction and installation; storage of household  
31 goods, mini-storage, and warehousing of raw  
32 agricultural products; swimming pool cleaning and  
33 maintenance; tanning beds or salons; taxidermy  
34 services; telephone answering service; test  
35 laboratories, including mobile testing laboratories  
36 and field testing by testing laboratories, and  
37 excluding tests on humans or animals; termite, bug,  
38 roach, and pest eradicators; tin and sheet metal  
39 repair; Turkish baths, massage, and reducing salons,  
40 excluding services provided by massage therapists  
41 licensed under chapter 152C; water conditioning and  
42 softening; weighing; welding; well drilling; wrapping,  
43 packing, and packaging of merchandise other than  
44 processed meat, fish, fowl, and vegetables; wrecking  
45 service; wrecker and towing.

46 For the purposes of this subsection, the sales  
47 price of a lease or rental includes rents, royalties,  
48 and copyright and license fees. For the purposes of  
49 this subsection, "financial institutions" means all  
50 national banks, federally chartered savings and loan

**H-1616**

-56-

**H-1616**

Page 57

1 associations, federally chartered savings banks,  
2 federally chartered credit unions, banks organized  
3 under chapter 524, savings and loan associations and  
4 savings banks organized under chapter 534, and credit  
5 unions organized under chapter 533.

6 7. a. A tax of five percent is imposed upon the  
7 sales price from the sales, furnishing, or service of  
8 solid waste collection and disposal service.

9 For purposes of this subsection, "solid waste"  
10 means garbage, refuse, sludge from a water supply  
11 treatment plant or air contaminant treatment facility,  
12 and other discarded waste materials and sludges, in  
13 solid, semisolid, liquid, or contained gaseous form,  
14 resulting from nonresidential commercial operations,  
15 but does not include auto hulks; street sweepings;  
16 ash; construction debris; mining waste; trees; tires;  
17 lead acid batteries; used oil; hazardous waste; animal  
18 waste used as fertilizer; earthen fill, boulders, or  
19 rock; foundry sand used for daily cover at a sanitary  
20 landfill; sewage sludge; solid or dissolved material  
21 in domestic sewage or other common pollutants in water  
22 resources, such as silt, dissolved or suspended solids  
23 in industrial waste water effluents or discharges  
24 which are point sources subject to permits under  
25 section 402 of the federal Water Pollution Control  
26 Act, or dissolved materials in irrigation return  
27 flows; or source, special nuclear, or by-product  
28 material defined by the federal Atomic Energy Act of  
29 1954.

30 A recycling facility that separates or processes  
31 recyclable materials and that reduces the volume of  
32 the waste by at least eighty-five percent is exempt  
33 from the tax imposed by this subsection if the waste  
34 exempted is collected and disposed of separately from  
35 other solid waste.

36 b. A person who transports solid waste generated  
37 by that person or another person without compensation  
38 shall pay the tax imposed by this subsection at the  
39 collection or disposal facility based on the disposal  
40 charge or tipping fee. However, the costs of a  
41 service or portion of a service to collect and manage  
42 recyclable materials separated from solid waste by the  
43 waste generator are exempt from the tax imposed by  
44 this subsection.

45 8. a. A tax of five percent is imposed upon the  
46 sales price from sales of bundled services contracts.  
47 For purposes of this subsection, a "bundled services  
48 contract" means an agreement providing for a  
49 retailer's performance of services, one or more of  
50 which is a taxable service enumerated in this section

**H-1616**

-57-



**H-1616**

Page 58

1 and one or more of which is not, in return for a  
2 consumer's or user's single payment for the  
3 performance of the services, with no separate  
4 statement to the consumer or user of what portion of  
5 that payment is attributable to any one service which  
6 is a part of the contract.

7 b. For purposes of the administration of the tax  
8 on bundled services contracts, the director may enter  
9 into agreements of limited duration with individual  
10 retailers, groups of retailers, or organizations  
11 representing retailers of bundled services contracts.  
12 Such an agreement shall impose the tax rate only upon  
13 that portion of the sales price from a bundled  
14 services contract which is attributable to taxable  
15 services provided under the contract.

16 9. A tax of five percent is imposed upon the sales  
17 price from any mobile telecommunications service which  
18 this state is allowed to tax by the provisions of the  
19 federal Mobile Telecommunications Sourcing Act, Pub.  
20 L. No. 106-252, 4 U.S.C. § 116 et seq. For purposes  
21 of this subsection, taxes on mobile telecommunications  
22 service, as defined under the federal Mobile  
23 Telecommunications Sourcing Act that are deemed to be  
24 provided by the customer's home service provider,  
25 shall be paid to the taxing jurisdiction whose  
26 territorial limits encompass the customer's place of  
27 primary use, regardless of where the mobile  
28 telecommunications service originates, terminates, or  
29 passes through and shall in all other respects be  
30 taxed in conformity with the federal Mobile  
31 Telecommunications Sourcing Act. All other provisions  
32 of the federal Mobile Telecommunications Sourcing Act  
33 are adopted by the state of Iowa and incorporated into  
34 this subsection by reference. With respect to mobile  
35 telecommunications service under the federal Mobile  
36 Telecommunications Sourcing Act, the director shall,  
37 if requested, enter into agreements consistent with  
38 the provisions of the federal Act.

39 10. All revenues arising under the operation of  
40 the provisions of this section shall be deposited into  
41 the general fund of the state.

42 Sec. 105. NEW SECTION. 423.3 EXEMPTIONS.

43 There is exempted from the provisions of this  
44 subchapter and from the computation of the amount of  
45 tax imposed by it the following:

46 1. The sales price from sales of tangible personal  
47 property and services furnished which this state is  
48 prohibited from taxing under the Constitution or laws  
49 of the United States or under the Constitution of this  
50 state.

**H-1616**

**H-1616**

Page 59

1 2. The sales price of sales for resale of tangible  
2 personal property or taxable services, or for resale  
3 of tangible personal property in connection with the  
4 furnishing of taxable services.

5 3. The sales price of agricultural breeding  
6 livestock and domesticated fowl.

7 4. The sales price of commercial fertilizer.

8 5. The sales price of agricultural limestone,  
9 herbicide, pesticide, insecticide, including  
10 adjuvants, surfactants, and other products directly  
11 related to the application enhancement of those  
12 products, food, medication, or agricultural drain  
13 tile, including installation of agricultural drain  
14 tile, any of which are to be used in disease control,  
15 weed control, insect control, or health promotion of  
16 plants or livestock produced as part of agricultural  
17 production for market.

18 6. The sales price of tangible personal property  
19 which will be consumed as fuel in creating heat,  
20 power, or steam for grain drying, or for providing  
21 heat or cooling for livestock buildings or for  
22 greenhouses or buildings or parts of buildings  
23 dedicated to the production of flowering, ornamental,  
24 or vegetable plants intended for sale in the ordinary  
25 course of business, or for use in cultivation of  
26 agricultural products by aquaculture, or in implements  
27 of husbandry engaged in agricultural production.

28 7. The sales price of services furnished by  
29 specialized flying implements of husbandry used for  
30 agricultural aerial spraying.

31 8. The sales price exclusive of services of farm  
32 machinery and equipment, including auxiliary  
33 attachments which improve the performance, safety,  
34 operation, or efficiency of the machinery and  
35 equipment and replacement parts, if the following  
36 conditions are met:

37 a. The farm machinery and equipment shall be  
38 directly and primarily used in production of  
39 agricultural products.

40 b. The farm machinery and equipment shall  
41 constitute self-propelled implements or implements  
42 customarily drawn or attached to self-propelled  
43 implements or the farm machinery or equipment is a  
44 grain dryer.

45 c. The replacement part is essential to any repair  
46 or reconstruction necessary to the farm machinery's or  
47 equipment's exempt use in the production of  
48 agricultural products.

49 Vehicles subject to registration, as defined in  
50 section 423.1, or replacement parts for such vehicles,

**H-1616**

-59-

**H-1616**

Page 60

1 are not eligible for this exemption.

2 9. The sales price of wood chips, sawdust, hay,  
3 straw, paper, or other materials used for bedding in  
4 the production of agricultural livestock or fowl.

5 10. The sales price of gas, electricity, water, or  
6 heat to be used in implements of husbandry engaged in  
7 agricultural production.

8 11. The sales price exclusive of services of farm  
9 machinery and equipment, including auxiliary  
10 attachments which improve the performance, safety,  
11 operation, or efficiency of the machinery and  
12 equipment and replacement parts, if all of the  
13 following conditions are met:

14 a. The implement, machinery, or equipment is  
15 directly and primarily used in livestock or dairy  
16 production, aquaculture production, or the production  
17 of flowering, ornamental, or vegetable plants.

18 b. The implement is not a self-propelled implement  
19 or implement customarily drawn or attached to self-  
20 propelled implements.

21 c. The replacement part is essential to any repair  
22 or reconstruction necessary to the farm machinery's or  
23 equipment's exempt use in livestock or dairy  
24 production, aquaculture production, or the production  
25 of flowering, ornamental, or vegetable plants.

26 12. The sales price, exclusive of services, from  
27 sales of irrigation equipment used in farming  
28 operations.

29 13. The sales price from the sale or rental of  
30 irrigation equipment, whether installed above or below  
31 ground, to a contractor or farmer if the equipment  
32 will be primarily used in agricultural operations.

33 14. The sales price from the sales of horses,  
34 commonly known as draft horses, when purchased for use  
35 and so used as draft horses.

36 15. The sales price from the sale of property  
37 which is a container, label, carton, pallet, packing  
38 case, wrapping, baling wire, twine, bag, bottle,  
39 shipping case, or other similar article or receptacle  
40 sold for use in agricultural, livestock, or dairy  
41 production.

42 16. The sales price from the sale of feed and feed  
43 supplements and additives when used for consumption by  
44 farm deer or bison.

45 17. The sales price of all goods, wares, or  
46 merchandise, or services, used for educational  
47 purposes sold to any private nonprofit educational  
48 institution in this state. For the purpose of this  
49 subsection, "educational institution" means an  
50 institution which primarily functions as a school,

**H-1616**

-60-

**H-1616**

Page 61

1 college, or university with students, faculty, and an  
2 established curriculum. The faculty of an educational  
3 institution must be associated with the institution  
4 and the curriculum must include basic courses which  
5 are offered every year. "Educational institution"  
6 includes an institution primarily functioning as a  
7 library.

8 18. The sales price of tangible personal property  
9 sold, or of services furnished, to the following  
10 nonprofit corporations:

11 a. Residential care facilities and intermediate  
12 care facilities for persons with mental retardation  
13 and residential care facilities for persons with  
14 mental illness licensed by the department of  
15 inspections and appeals under chapter 135C.

16 b. Residential facilities licensed by the  
17 department of human services pursuant to chapter 237,  
18 other than those maintained by individuals as defined  
19 in section 237.1, subsection 7.

20 c. Rehabilitation facilities that provide  
21 accredited rehabilitation services to persons with  
22 disabilities which are accredited by the commission on  
23 accreditation of rehabilitation facilities or the  
24 accreditation council for services for persons with  
25 mental retardation and other persons with  
26 developmental disabilities and adult day care services  
27 approved for reimbursement by the state department of  
28 human services.

29 d. Community mental health centers accredited by  
30 the department of human services pursuant to chapter  
31 225C.

32 e. Community health centers as defined in 42  
33 U.S.C. § 254(c) and migrant health centers as defined  
34 in 42 U.S.C. § 254(b).

35 19. The sales price of tangible personal property  
36 sold to a nonprofit organization which was organized  
37 for the purpose of lending the tangible personal  
38 property to the general public for use by them for  
39 nonprofit purposes.

40 20. The sales price of tangible personal property  
41 sold, or of services furnished, to nonprofit legal aid  
42 organizations.

43 21. The sales price of goods, wares, or  
44 merchandise, or of services, used for educational,  
45 scientific, historic preservation, or aesthetic  
46 purpose sold to a nonprofit private museum.

47 22. The sales price from sales of goods, wares, or  
48 merchandise, or from services furnished, to a  
49 nonprofit private art center to be used in the  
50 operation of the art center.

**H-1616**

-61-

**H-1616**

Page 62

1 23. The sales price of tangible personal property  
2 sold, or of services furnished, by a fair society  
3 organized under chapter 174.

4 24. The sales price from services furnished by the  
5 notification center established pursuant to section  
6 480.3, and the vendor selected pursuant to section  
7 480.3 to provide the notification service.

8 25. The sales price of food and beverages sold for  
9 human consumption by a nonprofit organization which  
10 principally promotes a food or beverage product for  
11 human consumption produced, grown, or raised in this  
12 state and whose income is exempt from federal taxation  
13 under section 501(c) of the Internal Revenue Code.

14 26. The sales price of tangible personal property  
15 sold, or of services furnished, to a statewide  
16 nonprofit organ procurement organization, as defined  
17 in section 142C.2.

18 27. The sales price of tangible personal property  
19 sold, or of services furnished, to a nonprofit  
20 hospital licensed pursuant to chapter 135B to be used  
21 in the operation of the hospital.

22 28. The sales price of tangible personal property  
23 sold, or of services furnished, to a freestanding  
24 nonprofit hospice facility which operates a hospice  
25 program as defined in 42 C.F.R., ch. IV, § 418.3,  
26 which property or services are to be used in the  
27 hospice program.

28 29. The sales price of all goods, wares, or  
29 merchandise sold, or of services furnished, which are  
30 used in the fulfillment of a written construction  
31 contract with a nonprofit hospital licensed pursuant  
32 to chapter 135B if all of the following apply:

33 a. The sales and delivery of the goods, wares, or  
34 merchandise, or the services furnished occurred  
35 between July 1, 1998, and December 31, 2001.

36 b. The written construction contract was entered  
37 into prior to December 31, 1999, or bonds to fund the  
38 construction were issued prior to December 31, 1999.

39 c. The sales or services were purchased by a  
40 contractor as the agent for the hospital or were  
41 purchased directly by the hospital.

42 30. The sales price of livestock ear tags sold by  
43 a nonprofit organization whose income is exempt from  
44 federal taxation under section 501(c)(6) of the  
45 Internal Revenue Code where the proceeds are used in  
46 bovine research programs selected or approved by such  
47 organization.

48 31. The sales price of goods, wares, or  
49 merchandise sold to and of services furnished, and  
50 used for public purposes sold to a tax-certifying or

**H-1616**

-62-

**H-1616**

Page 63

1 tax-levying body of the state or a governmental  
2 subdivision of the state, including regional transit  
3 systems, as defined in section 324A.1, the state board  
4 of regents, department of human services, state  
5 department of transportation, any municipally owned  
6 solid waste facility which sells all or part of its  
7 processed waste as fuel to a municipally owned public  
8 utility, and all divisions, boards, commissions,  
9 agencies, or instrumentalities of state, federal,  
10 county, or municipal government which have no earnings  
11 going to the benefit of an equity investor or  
12 stockholder, except any of the following:

13 a. The sales price of goods, wares, or merchandise  
14 sold to, or of services furnished, and used by or in  
15 connection with the operation of any municipally owned  
16 public utility engaged in selling gas, electricity,  
17 heat, or pay television service to the general public.

18 b. The sales price of furnishing of sewage  
19 services to a county or municipality on behalf of  
20 nonresidential commercial operations.

21 c. The furnishing of solid waste collection and  
22 disposal service to a county or municipality on behalf  
23 of nonresidential commercial operations located within  
24 the county or municipality.

25 The exemption provided by this subsection shall  
26 also apply to all such sales of goods, wares, or  
27 merchandise or of services furnished and subject to  
28 use tax.

29 32. The sales price of tangible personal property  
30 sold, or of services furnished, by a county or city.  
31 This exemption does not apply to any of the following:

32 a. The tax specifically imposed under section  
33 423.2 on the sales price from sales or furnishing of  
34 gas, electricity, water, heat, pay television service,  
35 or communication service to the public by a municipal  
36 corporation in its proprietary capacity.

37 b. The sale or furnishing of solid waste  
38 collection and disposal service to nonresidential  
39 commercial operations.

40 c. The sale or furnishing of sewage service for  
41 nonresidential commercial operations.

42 d. Fees paid to cities and counties for the  
43 privilege of participating in any athletic sports.

44 33. The sales price of mementos and other items  
45 relating to Iowa history and historic sites, the  
46 general assembly, and the state capitol, sold by the  
47 legislative service bureau and its legislative  
48 information office on the premises of property under  
49 the control of the legislative council, at the state  
50 capitol, and on other state property.

**H-1616**

-63-

**H-1616**

Page 64

1 34. The sales price from sales of mementos and  
2 other items relating to Iowa history and historic  
3 sites by the department of cultural affairs on the  
4 premises of property under its control and at the  
5 state capitol.

6 35. The sales price from sales or services  
7 furnished by the state fair organized under chapter  
8 173.

9 36. The sales price from sales of tangible  
10 personal property or of the sale or furnishing of  
11 electrical energy, natural or artificial gas, or  
12 communication service to another state or political  
13 subdivision of another state if the other state  
14 provides a similar reciprocal exemption for this state  
15 and political subdivision of this state.

16 37. The sales price of services on or connected  
17 with new construction, reconstruction, alteration,  
18 expansion, remodeling, or the services of a general  
19 building contractor, architect, or engineer.

20 38. The sales price from the sale of building  
21 materials, supplies, or equipment sold to rural water  
22 districts organized under chapter 504A as provided in  
23 chapter 357A and used for the construction of  
24 facilities of a rural water district.

25 39. The sales price from "casual sales".

26 "Casual sales" means:

27 a. Sales of tangible personal property, or the  
28 furnishing of services, of a nonrecurring nature, by  
29 the owner, if the seller, at the time of the sale, is  
30 not engaged for profit in the business of selling  
31 tangible personal property or services taxed under  
32 section 423.2.

33 b. The sale of all or substantially all of the  
34 tangible personal property or services held or used by  
35 a seller in the course of the seller's trade or  
36 business for which the seller is required to hold a  
37 sales tax permit when the seller sells or otherwise  
38 transfers the trade or business to another person who  
39 shall engage in a similar trade or business.

40 40. The sales price from the sale of automotive  
41 fluids to a retailer to be used either in providing a  
42 service which includes the installation or application  
43 of the fluids in or on a motor vehicle, which service  
44 is subject to section 423.2, subsection 6, or to be  
45 installed in or applied to a motor vehicle which the  
46 retailer intends to sell, which sale is subject to  
47 section 423.26. For purposes of this subsection,  
48 automotive fluids are all those which are refined,  
49 manufactured, or otherwise processed and packaged for  
50 sale prior to their installation in or application to

**H-1616**

-64-

**H-1616**

Page 65

1 a motor vehicle. They include but are not limited to  
2 motor oil and other lubricants, hydraulic fluids,  
3 brake fluid, transmission fluid, sealants,  
4 undercoatings, antifreeze, and gasoline additives.

5 41. The sales price from the rental of motion  
6 picture films, video and audio tapes, video and audio  
7 discs, records, photos, copy, scripts, or other media  
8 used for the purpose of transmitting that which can be  
9 seen, heard, or read, if either of the following  
10 conditions are met:

11 a. The lessee imposes a charge for the viewing of  
12 such media and the charge for the viewing is subject  
13 to taxation under this subchapter or is subject to use  
14 tax.

15 b. The lessee broadcasts the contents of such  
16 media for public viewing or listening.

17 42. The sales price from the sale of tangible  
18 personal property consisting of advertising material  
19 including paper to a person in Iowa if that person or  
20 that person's agent will, subsequent to the sale, send  
21 that advertising material outside this state and the  
22 material is subsequently used solely outside of Iowa.  
23 For the purpose of this subsection, "advertising  
24 material" means any brochure, catalog, leaflet, flyer,  
25 order form, return envelope, or similar item used to  
26 promote sales of property or services.

27 43. The sales price from the sale of property or  
28 of services performed on property which the retailer  
29 transfers to a carrier for shipment to a point outside  
30 of Iowa, places in the United States mail or parcel  
31 post directed to a point outside of Iowa, or  
32 transports to a point outside of Iowa by means of the  
33 retailer's own vehicles, and which is not thereafter  
34 returned to a point within Iowa, except solely in the  
35 course of interstate commerce or transportation. This  
36 exemption shall not apply if the purchaser, consumer,  
37 or their agent, other than a carrier, takes physical  
38 possession of the property in Iowa.

39 44. The sales price from the sale of property  
40 which is a container, label, carton, pallet, packing  
41 case, wrapping paper, twine, bag, bottle, shipping  
42 case, or other similar article or receptacle sold to  
43 retailers or manufacturers for the purpose of  
44 packaging or facilitating the transportation of  
45 tangible personal property sold at retail or  
46 transferred in association with the maintenance or  
47 repair of fabric or clothing.

48 45. The sales price from sales or rentals to a  
49 printer or publisher of the following: acetate; anti-  
50 halation backing; antistatic spray; back lining; base

**H-1616**



**H-1616**

Page 66

1 material used as a carrier for light sensitive  
2 emulsions; blankets; blow-ups; bronze powder; carbon  
3 tissue; codas; color filters; color separations;  
4 contacts; continuous tone separations; creative art;  
5 custom dies and die cutting materials; dampener  
6 sleeves; dampening solution; design and styling; diazo  
7 coating; dot etching; dot etching solutions; drawings;  
8 drawsheets; driers; duplicate films or prints;  
9 electronically digitized images; electrotypes; end  
10 product of image modulation; engravings; etch  
11 solutions; film; finished art or final art; fix;  
12 fixative spray; flats; flying pasters; foils;  
13 goldenrod paper; gum; halftones; illustrations; ink;  
14 ink paste; keylines; lacquer; lasering images;  
15 layouts; lettering; line negatives and positives;  
16 linotypes; lithographic offset plates; magnesium and  
17 zinc etchings; masking paper; masks; masters; mats;  
18 mat service; metal toner; models and modeling; mylar;  
19 negatives; nonoffset spray; opaque film process paper;  
20 opaquing; padding compound; paper stock; photographic  
21 materials: acids, plastic film, desensitizer  
22 emulsion, exposure chemicals, fix, developers, and  
23 paper; photography, day rate; photopolymer coating;  
24 photographs; photostats; photo-display tape;  
25 phototypesetter materials; ph-indicator sticks;  
26 positives; press pack; printing cylinders; printing  
27 plates, all types; process lettering; proof paper;  
28 proofs and proof processes, all types; pumice powder;  
29 purchased author alterations; purchased composition;  
30 purchased phototypesetting; purchased stripping and  
31 pasteups; red litho tape; reducers; roller covering;  
32 screen tints; sketches; stepped plates; stereotypes;  
33 strip types; substrate; tints; tissue overlays;  
34 toners; transparencies; tympan; typesetting;  
35 typography; varnishes; veloxes; wood mounts; and any  
36 other items used in a like capacity to any of the  
37 above enumerated items by the printer or publisher to  
38 complete a finished product for sale at retail.  
39 Expendable tools and supplies which are not enumerated  
40 in this subsection are excluded from the exemption.  
41 "Printer" means that portion of a person's business  
42 engaged in printing that completes a finished product  
43 for ultimate sale at retail or means that portion of a  
44 person's business used to complete a finished printed  
45 packaging material used to package a product for  
46 ultimate sale at retail. "Printer" does not mean an  
47 in-house printer who prints or copyrights its own  
48 materials.

49 46. a. The sales price from the sale or rental of  
50 computers, machinery, and equipment, including

**H-1616**

**H-1616**

Page 67

1 replacement parts, and materials used to construct or  
2 self-construct computers, machinery, and equipment if  
3 such items are any of the following:

4 (1) Directly and primarily used in processing by a  
5 manufacturer.

6 (2) Directly and primarily used to maintain the  
7 integrity of the product or to maintain unique  
8 environmental conditions required for either the  
9 product or the computers, machinery, and equipment  
10 used in processing by a manufacturer, including test  
11 equipment used to control quality and specifications  
12 of the product.

13 (3) Directly and primarily used in research and  
14 development of new products or processes of  
15 processing.

16 (4) Computers used in processing or storage of  
17 data or information by an insurance company, financial  
18 institution, or commercial enterprise.

19 (5) Directly and primarily used in recycling or  
20 reprocessing of waste products.

21 (6) Pollution-control equipment used by a  
22 manufacturer, including but not limited to that  
23 required or certified by an agency of this state or of  
24 the United States government.

25 b. The sales price from the sale of fuel used in  
26 creating heat, power, steam, or for generating  
27 electrical current, or from the sale of electricity,  
28 consumed by computers, machinery, or equipment used in  
29 an exempt manner described in paragraph "a",  
30 subparagraph (1), (2), (3), (5), or (6).

31 c. The sales price from the sale or rental of the  
32 following shall not be exempt from the tax imposed by  
33 this subchapter:

34 (1) Hand tools.

35 (2) Point-of-sale equipment and computers.

36 (3) Industrial machinery, equipment, and  
37 computers, including pollution-control equipment  
38 within the scope of section 427A.1, subsection 1,  
39 paragraphs "h" and "i".

40 (4) Vehicles subject to registration, except  
41 vehicles subject to registration which are directly  
42 and primarily used in recycling or reprocessing of  
43 waste products.

44 d. As used in this subsection:

45 (1) "Commercial enterprise" includes businesses  
46 and manufacturers conducted for profit and centers for  
47 data processing services to insurance companies,  
48 financial institutions, businesses, and manufacturers,  
49 but excludes professions and occupations and nonprofit  
50 organizations.

**H-1616**

-67-

**H-1616**

Page 68

1 (2) "Financial institution" means as defined in  
2 section 527.2.

3 (3) "Insurance company" means an insurer organized  
4 or operating under chapter 508, 514, 515, 518, 518A,  
5 519, or 520, or authorized to do business in Iowa as  
6 an insurer or an insurance producer under chapter  
7 522B.

8 (4) "Manufacturer" means as defined in section  
9 428.20, but also includes contract manufacturers. A  
10 contract manufacturer is a manufacturer that otherwise  
11 falls within the definition of manufacturer under  
12 section 428.20, except that a contract manufacturer  
13 does not sell the tangible personal property the  
14 contract manufacturer processes on behalf of other  
15 manufacturers. A business engaged in activities  
16 subsequent to the extractive process of quarrying or  
17 mining, such as crushing, washing, sizing, or blending  
18 of aggregate materials, is a manufacturer with respect  
19 to these activities.

20 (5) "Processing" means a series of operations in  
21 which materials are manufactured, refined, purified,  
22 created, combined, or transformed by a manufacturer,  
23 ultimately into tangible personal property.  
24 Processing encompasses all activities commencing with  
25 the receipt or producing of raw materials by the  
26 manufacturer and ending at the point products are  
27 delivered for shipment or transferred from the  
28 manufacturer. Processing includes but is not limited  
29 to refinement or purification of materials; treatment  
30 of materials to change their form, context, or  
31 condition; maintenance of the quality or integrity of  
32 materials, components, or products; maintenance of  
33 environmental conditions necessary for materials,  
34 components, or products; quality control activities;  
35 and construction of packaging and shipping devices,  
36 placement into shipping containers or any type of  
37 shipping devices or medium, and the movement of  
38 materials, components, or products until shipment from  
39 the processor.

40 (6) "Receipt or producing of raw materials" means  
41 activities performed upon tangible personal property  
42 only. With respect to raw materials produced from or  
43 upon real estate, the receipt or producing of raw  
44 materials is deemed to occur immediately following the  
45 severance of the raw materials from the real estate.

46 47. The sales price from the furnishing of the  
47 design and installation of new industrial machinery or  
48 equipment, including electrical and electronic  
49 installation.

50 48. The sales price from the sale of carbon

**H-1616**

-68-

**H-1616**

Page 69

1 dioxide in a liquid, solid, or gaseous form,  
2 electricity, steam, and other taxable services when  
3 used by a manufacturer of food products to produce  
4 marketable food products for human consumption,  
5 including but not limited to treatment of material to  
6 change its form, context, or condition, in order to  
7 produce the food product, maintenance of quality or  
8 integrity of the food product, changing or maintenance  
9 of temperature levels necessary to avoid spoilage or  
10 to hold the food product in marketable condition,  
11 maintenance of environmental conditions necessary for  
12 the safe or efficient use of machinery and material  
13 used to produce the food product, sanitation and  
14 quality control activities, formation of packaging,  
15 placement into shipping containers, and movement of  
16 the material or food product until shipment from the  
17 building of manufacture.

18 49. The sales price of sales of electricity,  
19 steam, or any taxable service when purchased and used  
20 in the processing of tangible personal property  
21 intended to be sold ultimately at retail.

22 50. The sales price of tangible personal property  
23 sold for processing. Tangible personal property is  
24 sold for processing within the meaning of this  
25 subsection only when it is intended that the property  
26 will, by means of fabrication, compounding,  
27 manufacturing, or germination, become an integral part  
28 of other tangible personal property intended to be  
29 sold ultimately at retail; or for generating electric  
30 current; or the property is a chemical, solvent,  
31 sorbent, or reagent, which is directly used and is  
32 consumed, dissipated, or depleted, in processing  
33 tangible personal property which is intended to be  
34 sold ultimately at retail or consumed in the  
35 maintenance or repair of fabric or clothing, and which  
36 may not become a component or integral part of the  
37 finished product. The distribution to the public of  
38 free newspapers or shoppers guides is a retail sale  
39 for purposes of the processing exemption set out in  
40 this subsection and in subsection 49.

41 51. The sales price from the sale of argon and  
42 other similar gases to be used in the manufacturing  
43 process.

44 52. The sales price from the sale of electricity  
45 to water companies assessed for property tax pursuant  
46 to sections 428.24, 428.26, and 428.28 which is used  
47 solely for the purpose of pumping water from a river  
48 or well.

49 53. The sales price from the sale of wind energy  
50 conversion property to be used as an electric power

**H-1616**

**H-1616**

Page 70

1 source and the sale of the materials used to  
2 manufacture, install, or construct wind energy  
3 conversion property used or to be used as an electric  
4 power source.

5 For purposes of this subsection, "wind energy  
6 conversion property" means any device, including, but  
7 not limited to, a wind charger, windmill, wind  
8 turbine, tower and electrical equipment, pad mount  
9 transformers, power lines, and substation, which  
10 converts wind energy to a form of usable energy.

11 54. The sales price from the sales of newspapers,  
12 free newspapers, or shoppers guides and the printing  
13 and publishing of such newspapers and shoppers guides,  
14 and envelopes for advertising.

15 55. The sales price from the sale of motor fuel  
16 and special fuel consumed for highway use or in  
17 watercraft or aircraft where the fuel tax has been  
18 imposed and paid and no refund has been or will be  
19 allowed and the sales price from the sales of ethanol  
20 blended gasoline, as defined in section 452A.2.

21 56. The sales price from all sales of food and  
22 food ingredients. However, as used in this  
23 subsection, "food" does not include alcoholic  
24 beverages, candy, dietary supplements, food sold  
25 through vending machines, prepared food, soft drinks,  
26 and tobacco.

27 For the purposes of this subsection:

28 a. "Alcoholic beverages" means beverages that are  
29 suitable for human consumption and contain one-half of  
30 one percent or more of alcohol by volume.

31 b. "Candy" means a preparation of sugar, honey, or  
32 other natural or artificial sweeteners in combination  
33 with chocolate, fruits, nuts, or other ingredients or  
34 flavorings in the form of bars, drops, or pieces.  
35 Candy shall not include any preparation containing  
36 flour and shall require no refrigeration.

37 c. "Dietary supplement" means any product, other  
38 than tobacco, intended to supplement the diet that  
39 contains one or more of the following dietary  
40 ingredients:

41 (1) A vitamin.

42 (2) A mineral.

43 (3) An herb or other botanical.

44 (4) An amino acid.

45 (5) A dietary substance for use by humans to  
46 supplement the diet by increasing the total dietary  
47 intake.

48 (6) A concentrate, metabolite, constituent,  
49 extract, or combination of any of the ingredients in  
50 subparagraphs (1) through (5) that is intended for

**H-1616**

-70-

**H-1616**

Page 71

1 ingestion in tablet, capsule, powder, softgel, gelcap,  
2 or liquid form, or if not intended for ingestion in  
3 such a form, is not represented as conventional food  
4 and is not represented for use as a sole item of a  
5 meal or of the diet; and is required to be labeled as  
6 a dietary supplement, identifiable by the "supplement  
7 facts" box found on the label and as required pursuant  
8 to 21 C.F.R. § 101.36.

9 d. "Food and food ingredients" means substances,  
10 whether in liquid, concentrated, solid, frozen, dried,  
11 or dehydrated form, that are sold for ingestion or  
12 chewing by humans and are consumed for their taste or  
13 nutritional value.

14 e. "Food sold through vending machines" means food  
15 dispensed from a machine or other mechanical device  
16 that accepts payment, other than food which would be  
17 qualified for exemption under subsection 57 if  
18 purchased with a coupon described in subsection 57.

19 f. "Prepared food" means any of following:

20 (1) Food sold in a heated state or heated by the  
21 seller, including food sold by a caterer.

22 (2) Two or more food ingredients mixed or combined  
23 by the seller for sale as a single item.

24 (3) "Prepared food", for the purposes of this  
25 paragraph, does not include food that is any of the  
26 following:

27 (a) Only cut, repackaged, or pasteurized by the  
28 seller.

29 (b) Eggs, fish, meat, poultry, and foods.  
30 containing these raw animal foods requiring cooking by  
31 the consumer as recommended by the United States food  
32 and drug administration in chapter 3, part 401.11 of  
33 its food code, so as to prevent food borne illnesses.

34 (c) Bakery items sold by the seller which baked  
35 them. The words "bakery items" includes but is not  
36 limited to breads, rolls, buns, biscuits, bagels,  
37 croissants, pastries, donuts, Danish, cakes, tortes,  
38 pies, tarts, muffins, bars, cookies, and tortillas.

39 (d) Food sold without eating utensils provided by  
40 the seller in an unheated state as a single item which  
41 is priced by weight or volume.

42 (4) Food sold with eating utensils provided by the  
43 seller, including plates, knives, forks, spoons,  
44 glasses, cups, napkins, or straws. A plate does not  
45 include a container or packaging used to transport  
46 food.

47 g. "Soft drinks" means nonalcoholic beverages that  
48 contain natural or artificial sweeteners. "Soft  
49 drinks" does not include beverages that contain milk  
50 or milk products; soy, rice, or similar milk

**H-1616**

-71-

**H-1616**

Page 72

1 substitutes; or greater than fifty percent of  
2 vegetable or fruit juice by volume.

3 f. "Tobacco" means cigarettes, cigars, chewing or  
4 pipe tobacco, or any other item that contains tobacco.

5 57. The sales price from the sale of items  
6 purchased with coupons issued under the federal Food  
7 Stamp Act of 1977, 7 U.S.C. § 2011 et seq.

8 58. In transactions in which tangible personal  
9 property is traded toward the sales price of other  
10 tangible personal property, that portion of the sales  
11 price which is not payable in money to the retailer is  
12 exempted from the taxable amount if the following  
13 conditions are met:

14 a. The tangible personal property traded to the  
15 retailer is the type of property normally sold in the  
16 regular course of the retailer's business.

17 b. The tangible personal property traded to the  
18 retailer is intended by the retailer to be ultimately  
19 sold at retail or is intended to be used by the  
20 retailer or another in the remanufacturing of a like  
21 item.

22 59. The sales price from the sale or rental of  
23 prescription drugs or medical devices intended for  
24 human use or consumption.

25 For the purposes of this subsection:

26 a. "Drug" means a compound, substance, or  
27 preparation, and any component of a compound,  
28 substance, or preparation, other than food and food  
29 ingredients, dietary supplements, or alcoholic  
30 beverages which is any of the following:

31 (1) Recognized in the official United States  
32 pharmacopoeia, official homeopathic pharmacopoeia of  
33 the United States, or official national formulary, and  
34 supplement to any of them.

35 (2) Intended for use in the diagnosis, cure,  
36 mitigation, treatment, or prevention of disease.

37 (3) Intended to affect the structure or any  
38 function of the body.

39 b. "Medical device" means equipment or a supply,  
40 intended to be prescribed by a practitioner, including  
41 orthopedic or orthotic devices. However, "medical  
42 device" also includes prosthetic devices, ostomy,  
43 urological, and tracheostomy equipment and supplies,  
44 and diabetic testing materials, hypodermic syringes  
45 and needles, anesthesia trays, biopsy trays and biopsy  
46 needles, cannula systems, catheter trays and invasive  
47 catheters, dialyzers, drug infusion devices, fistula  
48 sets, hemodialysis devices, insulin infusion devices,  
49 intraocular lenses, irrigation solutions, intravenous  
50 administering sets, solutions and stopcocks, myelogram

**H-1616**

-72-

**H-1616**

Page 73

1 trays, nebulizers, small vein infusion kits, spinal  
2 puncture trays, transfusion sets, venous blood sets,  
3 and oxygen equipment, intended to be dispensed for  
4 human use with or without a prescription to an  
5 ultimate user.

6 c. "Practitioner" means a practitioner as defined  
7 in section 155A.3, or a person licensed to prescribe  
8 drugs.

9 d. "Prescription drug" means a drug intended to be  
10 dispensed to an ultimate user pursuant to a  
11 prescription drug order, formula, or recipe issued in  
12 any form of oral, written, electronic, or other means  
13 of transmission by a duly licensed practitioner, or  
14 oxygen or insulin dispensed for human consumption with  
15 or without a prescription drug order or medication  
16 order.

17 e. "Prosthetic device" means a replacement,  
18 corrective, or supportive device including repair and  
19 replacement parts for the same worn on or in the body  
20 to do any of the following:

21 (1) Artificially replace a missing portion of the  
22 body.

23 (2) Prevent or correct physical deformity or  
24 malfunction.

25 (3) Support a weak or deformed portion of the  
26 body.

27 f. "Ultimate user" means an individual who has  
28 lawfully obtained and possesses a prescription drug or  
29 medical device for the individual's own use or for the  
30 use of a member of the individual's household, or an  
31 individual to whom a prescription drug or medical  
32 device has been lawfully supplied, administered,  
33 dispensed, or prescribed.

34 60. The sales price from services furnished by  
35 aerial commercial and charter transportation services.

36 61. The sales price from the sale of raffle  
37 tickets for a raffle licensed pursuant to section  
38 99B.5.

39 62. The sales price from the sale of tangible  
40 personal property which will be given as prizes to  
41 players in games of skill, games of chance, raffles,  
42 and bingo games as defined in chapter 99B.

43 63. The sales price from the sale of a modular  
44 home, as defined in section 435.1, to the extent of  
45 the portion of the purchase price of the modular home  
46 which is not attributable to the cost of the tangible  
47 personal property used in the processing of the  
48 modular home. For purposes of this exemption, the  
49 portion of the purchase price which is not  
50 attributable to the cost of the tangible personal

**H-1616**

-73-



**H-1616**

Page 74

1 property used in the processing of the modular home is  
2 forty percent.

3 64. The sales price from charges paid to a  
4 provider for access to on-line computer services. For  
5 purposes of this subsection, "on-line computer  
6 service" means a service that provides or enables  
7 computer access by multiple users to the internet or  
8 to other information made available through a computer  
9 server.

10 65. The sales price from the sale or rental of  
11 information services. "Information services" means  
12 every business activity, process, or function by which  
13 a seller or its agent accumulates, prepares,  
14 organizes, or conveys data, facts, knowledge,  
15 procedures, and like services to a buyer or its agent  
16 of such information through any tangible or intangible  
17 medium. Information accumulated, prepared, or  
18 organized for a buyer or its agent is an information  
19 service even though it may incorporate preexisting  
20 components of data or other information. "Information  
21 services" includes, but is not limited to, database  
22 files, mailing lists, subscription files, market  
23 research, credit reports, surveys, real estate  
24 listings, bond rating reports, abstracts of title, bad  
25 check lists, broadcasting rating services, wire  
26 services, and scouting reports, or other similar  
27 items.

28 66. The sales price of a sale at retail if the  
29 substance of the transaction is delivered to the  
30 purchaser digitally, electronically, or utilizing  
31 cable, or by radio waves, microwaves, satellites, or  
32 fiber optics.

33 67. a. The sales price from the sale of an  
34 article of clothing designed to be worn on or about  
35 the human body if all of the following apply:

36 (1) The sales price of the article is less than  
37 one hundred dollars.

38 (2) The sale takes place during a period beginning  
39 at 12:01 a.m. on the first Friday in August and ending  
40 at midnight on the following Saturday.

41 b. This subsection does not apply to any of the  
42 following:

43 (1) Sport or recreational equipment and protective  
44 equipment.

45 (2) Clothing accessories or equipment.

46 (3) The rental of clothing.

47 c. For purposes of this subsection:

48 (1) "Clothing" means all human wearing apparel  
49 suitable for general use. "Clothing" includes, but is  
50 not limited to the following: aprons, household and

**H-1616**

**H-1616**

Page 75

1 shop; athletic supporters; baby receiving blankets;  
2 bathing suits and caps; beach capes and coats; belts  
3 and suspenders; boots; coats and jackets; costumes;  
4 diapers (children and adults, including disposable  
5 diapers); earmuffs; footlets; formal wear; garters and  
6 garter belts; girdles; gloves and mittens for general  
7 use; hats and caps; hosiery; insoles for shoes; lab  
8 coats; neckties; overshoes; pantyhose; rainwear;  
9 rubber pants; sandals; scarves; shoes and shoelaces;  
10 slippers; sneakers; socks and stockings; steel-toed  
11 shoes; underwear; uniforms, athletic and nonathletic;  
12 and wedding apparel.

13 "Clothing" does not include the following: belt  
14 buckles sold separately; costume masks sold  
15 separately; patches and emblems sold separately;  
16 sewing equipment and supplies (including, but not  
17 limited to, knitting needles, patterns, pins,  
18 scissors, sewing machines, sewing needles, tape  
19 measures, and thimbles); and sewing materials that  
20 become part of clothing (including, but not limited  
21 to, buttons, fabric, lace, thread, yarn, and zippers).

22 (2) "Clothing accessories or equipment" means  
23 incidental items worn on the person or in conjunction  
24 with clothing. "Clothing accessories or equipment"  
25 includes, but is not limited to, the following:  
26 briefcases; cosmetics; hair notions (including, but  
27 not limited to, barrettes, hair bows, and hair nets);  
28 handbags; handkerchiefs; jewelry; sunglasses,  
29 nonprescription; umbrellas; wallets; watches; and wigs  
30 and hairpieces.

31 (3) "Protective equipment" means items for human  
32 wear and designed as protection for the wearer against  
33 injury or disease or as protection against damage or  
34 injury of other persons or property but not suitable  
35 for general use. "Protective equipment" includes, but  
36 is not limited to, the following: breathing masks;  
37 clean room apparel and equipment; ear and hearing  
38 protectors; face shields; hard hats; helmets; paint or  
39 dust respirators; protective gloves; safety glasses  
40 and goggles; safety belts; tool belts; and welders  
41 gloves and masks.

42 (4) "Sport or recreational equipment" means items  
43 designed for human use and worn in conjunction with an  
44 athletic or recreational activity that are not  
45 suitable for general use. "Sport or recreational  
46 equipment" includes, but is not limited to, the  
47 following: ballet and tap shoes; cleated or spiked  
48 athletic shoes; gloves (including, but not limited to,  
49 baseball, bowling, boxing, hockey, and golf); goggles;  
50 hand and elbow guards; life preservers and vests;

**H-1616**

**H-1616**

Page 76

1 mouth guards; roller and ice skates; shin guards;  
2 shoulder pads; ski boots; waders; and wetsuits and  
3 fins.

4 68. a. Subject to paragraph "b", the sales price  
5 from the sale or furnishing of metered gas,  
6 electricity, and fuel, including propane and heating  
7 oil, to residential customers which is used to provide  
8 energy for residential dwellings and units of  
9 apartment and condominium complexes used for human  
10 occupancy.

11 b. The exemption in this subsection shall be  
12 phased in by means of a reduction in the tax rate as  
13 follows:

14 (1) If the date of the utility billing or meter  
15 reading cycle of the residential customer for the sale  
16 or furnishing of metered gas and electricity is on or  
17 after January 1, 2002, through December 31, 2002, or  
18 if the sale or furnishing of fuel for purposes of  
19 residential energy and the delivery of the fuel occurs  
20 on or after January 1, 2002, through December 31,  
21 2002, the rate of tax is four percent of the sales  
22 price.

23 (2) If the date of the utility billing or meter  
24 reading cycle of the residential customer for the sale  
25 or furnishing of metered gas and electricity is on or  
26 after January 1, 2003, through June 30, 2008, or if  
27 the sale or furnishing of fuel for purposes of  
28 residential energy and the delivery of the fuel occurs  
29 on or after January 1, 2003, through June 30, 2008,  
30 the rate of tax is three percent of the sales price.

31 (3) If the date of the utility billing or meter  
32 reading cycle of the residential customer for the sale  
33 or furnishing of metered gas and electricity is on or  
34 after July 1, 2008, through June 30, 2009, or if the  
35 sale or furnishing of fuel for purposes of residential  
36 energy and the delivery of the fuel occurs on or after  
37 July 1, 2008, through June 30, 2009, the rate of tax  
38 is two percent of the sales price.

39 (4) If the date of the utility billing or meter  
40 reading cycle of the residential customer for the sale  
41 or furnishing of metered gas and electricity is on or  
42 after July 1, 2009, through June 30, 2010, or if the  
43 sale or furnishing of fuel for purposes of residential  
44 energy and the delivery of the fuel occurs on or after  
45 July 1, 2009, through June 30, 2010, the rate of tax  
46 is one percent of the sales price.

47 (5) If the date of the utility billing or meter  
48 reading cycle of the residential customer for the sale  
49 or furnishing of metered gas and electricity is on or  
50 after July 1, 2010, or if the sale, furnishing, or

**H-1616**

**H-1616**

Page 77

1 service of fuel for purposes of residential energy and  
2 the delivery of the fuel occurs on or after July 1,  
3 2010, the rate of tax is zero percent of the sales  
4 price.

5 c. The exemption in this subsection does not apply  
6 to local option sales and services tax imposed  
7 pursuant to chapters 423B and 423E.

8 69. The sales price from charges paid for the  
9 delivery of electricity or natural gas if the sale or  
10 furnishing of the electricity or natural gas or its  
11 use is exempt from the tax on sales prices imposed  
12 under this subchapter or from the use tax imposed  
13 under subchapter III.

14 70. The sales price from the sales, furnishing, or  
15 service of transportation service except the rental of  
16 recreational vehicles or recreational boats, except  
17 the rental of motor vehicles subject to registration  
18 which are registered for a gross weight of thirteen  
19 tons or less for a period of sixty days or less, and  
20 except the rental of aircraft for a period of sixty  
21 days or less. This exemption does not apply to the  
22 transportation of electric energy or natural gas.

23 71. The sales price from sales of tangible  
24 personal property used or to be used as railroad  
25 rolling stock for transporting persons or property, or  
26 as materials or parts therefor.

27 72. The sales price from the sales of special fuel  
28 for diesel engines consumed or used in the operation  
29 of ships, barges, or waterborne vessels which are used  
30 primarily in or for the transportation of property or  
31 cargo, or the conveyance of persons for hire on rivers  
32 bordering on the state if the fuel is delivered by the  
33 seller to the purchaser's barge, ship, or waterborne  
34 vessel while it is afloat upon such a river.

35 73. The sales price from sales of vehicles subject  
36 to registration or subject only to the issuance of a  
37 certificate of title and sales of aircraft subject to  
38 registration under section 328.20.

39 74. The sales price from the sale of aircraft for  
40 use in a scheduled interstate federal aviation  
41 administration certificated air carrier operation.

42 75. The sales price from the sale or rental of  
43 aircraft; the sale or rental of tangible personal  
44 property permanently affixed or attached as a  
45 component part of the aircraft, including but not  
46 limited to repair or replacement materials or parts;  
47 and the sales price of all services used for aircraft  
48 repair, remodeling, and maintenance services when such  
49 services are performed on aircraft, aircraft engines,  
50 or aircraft component materials or parts. For the

**H-1616**

**H-1616**

Page 78

1 purposes of this exemption, "aircraft" means aircraft  
2 used in a scheduled interstate federal aviation  
3 administration certificated air carrier operation.  
4 76. The sales price from the sale or rental of  
5 tangible personal property permanently affixed or  
6 attached as a component part of the aircraft,  
7 including but not limited to repair or replacement  
8 materials or parts; and the sales price of all  
9 services used for aircraft repair, remodeling, and  
10 maintenance services when such services are performed  
11 on aircraft, aircraft engines, or aircraft component  
12 materials or parts. For the purposes of this  
13 exemption, "aircraft" means aircraft used in  
14 nonscheduled interstate federal aviation  
15 administration certificated air carrier operation  
16 operating under 14 C.F.R. ch. 1, pt. 135.

17 77. The sales price from the sale of aircraft to  
18 an aircraft dealer who in turn rents or leases the  
19 aircraft if all of the following apply:

20 a. The aircraft is kept in the inventory of the  
21 dealer for sale at all times.

22 b. The dealer reserves the right to immediately  
23 take the aircraft from the renter or lessee when a  
24 buyer is found.

25 c. The renter or lessee is aware that the dealer  
26 will immediately take the aircraft when a buyer is  
27 found.

28 If an aircraft exempt under this subsection is used  
29 for any purpose other than leasing or renting, or the  
30 conditions in paragraphs "a", "b", and "c" are not  
31 continuously met, the dealer claiming the exemption  
32 under this subsection is liable for the tax that would  
33 have been due except for this subsection. The tax  
34 shall be computed upon the original purchase price.

35 78. The sales price from sales or rental of  
36 tangible personal property, or services rendered by  
37 any entity where the profits from the sales or rental  
38 of the tangible personal property, or services  
39 rendered are used by or donated to a nonprofit entity  
40 which is exempt from federal income taxation pursuant  
41 to section 501(c)(3) of the Internal Revenue Code, a  
42 government entity, or a nonprofit private educational  
43 institution, and where the entire proceeds from the  
44 sales, rental, or services are expended for any of the  
45 following purposes:

46 a. Educational.

47 b. Religious.

48 c. Charitable. A charitable act is an act done  
49 out of goodwill, benevolence, and a desire to add to  
50 or to improve the good of humankind in general or any

**H-1616**

**H-1616**

Page 79

1 class or portion of humankind, with no pecuniary  
2 profit inuring to the person performing the service or  
3 giving the gift.

4 This exemption does not apply to the sales price  
5 from games of skill, games of chance, raffles, and  
6 bingo games as defined in chapter 99B. This exemption  
7 is disallowed on the amount of the sales price only to  
8 the extent the profits from the sales, rental, or  
9 services are not used by or donated to the appropriate  
10 entity and expended for educational, religious, or  
11 charitable purposes.

12 79. The sales price from the sale or rental of  
13 tangible personal property or from services furnished  
14 to a recognized community action agency as provided in  
15 section 216A.93 to be used for the purposes of the  
16 agency.

17 80. a. For purposes of this subsection,  
18 "designated exempt entity" means an entity which is  
19 designated in section 423.4, subsection 1.

20 b. If a contractor, subcontractor, or builder is  
21 to use building materials, supplies, and equipment in  
22 the performance of a construction contract with a  
23 designated exempt entity, the person shall purchase  
24 such items of tangible personal property without  
25 liability for the tax if such property will be used in  
26 the performance of the construction contract and a  
27 purchasing agent authorization letter and an exemption  
28 certificate, issued by the designated exempt entity,  
29 are presented to the retailer.

30 c. Where the owner, contractor, subcontractor, or  
31 builder is also a retailer holding a retail sales tax  
32 permit and transacting retail sales of building  
33 materials, supplies, and equipment, the tax shall not  
34 be due when materials are withdrawn from inventory for  
35 use in construction performed for a designated exempt  
36 entity if an exemption certificate is received from  
37 such entity.

38 d. Tax shall not apply to tangible personal  
39 property purchased and consumed by a manufacturer as  
40 building materials, supplies, or equipment in the  
41 performance of a construction contract for a  
42 designated exempt entity, if a purchasing agent  
43 authorization letter and an exemption certificate are  
44 received from such entity and presented to a retailer.

45 81. The sales price from the sales of lottery  
46 tickets or shares pursuant to chapter 99G.

47 82. The sales price from the sale or rental of  
48 core and mold making equipment and sand handling  
49 equipment directly and primarily used in the mold  
50 making process by a foundry.

**H-1616**

-79-

**H-1616**

Page 80

1 83. The sales price from noncustomer point of sale  
2 or noncustomer automated teller machine access or  
3 service charges assessed by a financial institution.  
4 For purposes of this subsection, "financial  
5 institution" means the same as defined in section  
6 527.2.

7 Sec. 106. NEW SECTION. 423.4 REFUNDS.

8 1. A private nonprofit educational institution in  
9 this state, nonprofit private museum in this state,  
10 tax-certifying or tax-levying body or governmental  
11 subdivision of the state, including the state board of  
12 regents, state department of human services, state  
13 department of transportation, a municipally owned  
14 solid waste facility which sells all or part of its  
15 processed waste as fuel to a municipally owned public  
16 utility, and all divisions, boards, commissions,  
17 agencies, or instrumentalities of state, federal,  
18 county, or municipal government which do not have  
19 earnings going to the benefit of an equity investor or  
20 stockholder, may make application to the department  
21 for the refund of the sales or use tax upon the sales  
22 price of all sales of goods, wares, or merchandise, or  
23 from services furnished to a contractor, used in the  
24 fulfillment of a written contract with the state of  
25 Iowa, any political subdivision of the state, or a  
26 division, board, commission, agency, or  
27 instrumentality of the state or a political  
28 subdivision, a private nonprofit educational  
29 institution in this state, or a nonprofit private  
30 museum in this state if the property becomes an  
31 integral part of the project under contract and at the  
32 completion of the project becomes public property, is  
33 devoted to educational uses, or becomes a nonprofit  
34 private museum; except goods, wares, or merchandise,  
35 or services furnished which are used in the  
36 performance of any contract in connection with the  
37 operation of any municipal utility engaged in selling  
38 gas, electricity, or heat to the general public or in  
39 connection with the operation of a municipal pay  
40 television system; and except goods, wares, and  
41 merchandise used in the performance of a contract for  
42 a "project" under chapter 419 as defined in that  
43 chapter other than goods, wares, or merchandise used  
44 in the performance of a contract for a "project" under  
45 chapter 419 for which a bond issue was approved by a  
46 municipality prior to July 1, 1968, or for which the  
47 goods, wares, or merchandise becomes an integral part  
48 of the project under contract and at the completion of  
49 the project becomes public property or is devoted to  
50 educational uses.

**H-1616**

-80-

**H-1616**

Page 81

1 a. Such contractor shall state under oath, on  
2 forms provided by the department, the amount of such  
3 sales of goods, wares, or merchandise, or services  
4 furnished and used in the performance of such  
5 contract, and upon which sales or use tax has been  
6 paid, and shall file such forms with the governmental  
7 unit, private nonprofit educational institution, or  
8 nonprofit private museum which has made any written  
9 contract for performance by the contractor. The forms  
10 shall be filed by the contractor with the governmental  
11 unit, educational institution, or nonprofit private  
12 museum before final settlement is made.

13 b. Such governmental unit, educational  
14 institution, or nonprofit private museum shall, not  
15 more than one year after the final settlement has been  
16 made, make application to the department for any  
17 refund of the amount of the sales or use tax which  
18 shall have been paid upon any goods, wares, or  
19 merchandise, or services furnished, the application to  
20 be made in the manner and upon forms to be provided by  
21 the department, and the department shall forthwith  
22 audit the claim and, if approved, issue a warrant to  
23 the governmental unit, educational institution, or  
24 nonprofit private museum in the amount of the sales or  
25 use tax which has been paid to the state of Iowa under  
26 the contract.

27 Refunds authorized under this subsection shall  
28 accrue interest at the rate in effect under section  
29 421.7 from the first day of the second calendar month  
30 following the date the refund claim is received by the  
31 department.

32 c. Any contractor who willfully makes a false  
33 report of tax paid under the provisions of this  
34 subsection is guilty of a simple misdemeanor and in  
35 addition shall be liable for the payment of the tax  
36 and any applicable penalty and interest.

37 2. The refund of sales and use tax paid on  
38 transportation construction projects let by the state  
39 department of transportation is subject to the special  
40 provisions of this subsection.

41 a. A contractor awarded a contract for a  
42 transportation construction project is considered the  
43 consumer of all building materials, building supplies,  
44 and equipment and shall pay sales tax to the supplier  
45 or remit consumer use tax directly to the department.

46 b. The contractor is not required to file  
47 information with the state department of  
48 transportation stating the amount of goods, wares, or  
49 merchandise, or services rendered, furnished, or  
50 performed and used in the performance of the contract

**H-1616**



**H-1616**

Page 82

1 or the amount of sales or use tax paid.

2 c. The state department of transportation shall  
3 file a refund claim based on a formula that considers  
4 the following:

5 (1) The quantity of material to complete the  
6 contract, and quantities of items of work.

7 (2) The estimated cost of these materials included  
8 in the items of work, and the state sales or use tax  
9 to be paid on the tax rate in effect in section 423.2.  
10 The quantity of materials shall be determined after  
11 each letting based on the contract quantities of all  
12 items of work let to contract. The quantity of  
13 individual component materials required for each item  
14 shall be determined and maintained in a database. The  
15 total quantities of materials shall be determined by  
16 multiplying the quantities of component materials for  
17 each contract item of work by the total quantities of  
18 each contract item for each letting. Where variances  
19 exist in the cost of materials, the lowest cost shall  
20 be used as the base cost.

21 d. Only the state sales or use tax is refundable.  
22 Local option taxes paid by the contractor are not  
23 refundable.

24 3. A relief agency may apply to the director for  
25 refund of the amount of sales or use tax imposed and  
26 paid upon sales to it of any goods, wares,  
27 merchandise, or services furnished, used for free  
28 distribution to the poor and needy.

29 a. The refunds may be obtained only in the  
30 following amounts and manner and only under the  
31 following conditions:

32 (1) On forms furnished by the department, and  
33 filed within the time as the director shall provide by  
34 rule, the relief agency shall report to the department  
35 the total amount or amounts, valued in money, expended  
36 directly or indirectly for goods, wares, merchandise,  
37 or services furnished, used for free distribution to  
38 the poor and needy.

39 (2) On these forms the relief agency shall  
40 separately list the persons making the sales to it or  
41 to its order, together with the dates of the sales,  
42 and the total amount so expended by the relief agency.

43 (3) The relief agency must prove to the  
44 satisfaction of the director that the person making  
45 the sales has included the amount thereof in the  
46 computation of the sales price of such person and that  
47 such person has paid the tax levied by this subchapter  
48 or subchapter III, based upon such computation of the  
49 sales price.

50 b. If satisfied that the foregoing conditions and

**H-1616**

**H-1616**

Page 83

1 requirements have been complied with, the director  
2 shall refund the amount claimed by the relief agency.

3 SUBCHAPTER III

4 USE TAX

5 Sec. 107. NEW SECTION. 423.5 IMPOSITION OF TAX.

6 An excise tax at the rate of five percent of the  
7 purchase price or installed purchase price is imposed  
8 on the following:

9 1. The use in this state of tangible personal  
10 property as defined in section 423.1, including  
11 aircraft subject to registration under section 328.20,  
12 purchased for use in this state. For the purposes of  
13 this subchapter, the furnishing or use of the  
14 following services is also treated as the use of  
15 tangible personal property: optional service or  
16 warranty contracts, except residential service  
17 contracts regulated under chapter 523C, vulcanizing,  
18 recapping, or retreading services, engraving,  
19 photography, retouching, printing, or binding  
20 services, and communication service when furnished or  
21 delivered to consumers or users within this state.

22 2. The use of manufactured housing in this state,  
23 on the purchase price if the manufactured housing is  
24 sold in the form of tangible personal property or on  
25 the installed purchase price if the manufactured  
26 housing is sold in the form of realty.

27 3. The use of leased vehicles, on the amount  
28 subject to tax as calculated pursuant to section  
29 423.27.

30 4. Purchases of tangible personal property made  
31 from the government of the United States or any of its  
32 agencies by ultimate consumers shall be subject to the  
33 tax imposed by this section. Services purchased from  
34 the same source or sources shall be subject to the  
35 service tax imposed by this subchapter and apply to  
36 the user of the services.

37 5. The use in this state of services enumerated in  
38 section 423.2. This tax is applicable where services  
39 are furnished in this state or where the product or  
40 result of the service is used in this state.

41 6. The excise tax is imposed upon every person  
42 using the property within this state until the tax has  
43 been paid directly to the county treasurer, the state  
44 department of transportation, a retailer, or the  
45 department. This tax is imposed on every person using  
46 the services or the product of the services in this  
47 state until the user has paid the tax either to an  
48 Iowa use tax permit holder or to the department.

49 7. For the purpose of the proper administration of  
50 the use tax and to prevent its evasion, evidence that

**H-1616**

**H-1616**

Page 84

1 tangible personal property was sold by any person for  
2 delivery in this state shall be prima facie evidence  
3 that such tangible personal property was sold for use  
4 in this state.

5 Sec. 108. NEW SECTION. 423.6 EXEMPTIONS.

6 The use in this state of the following tangible  
7 personal property and services is exempted from the  
8 tax imposed by this subchapter:

9 1. Tangible personal property and enumerated  
10 services, the sales price from the sale of which are  
11 required to be included in the measure of the sales  
12 tax, if that tax has been paid to the department or  
13 the retailer. This exemption does not include  
14 vehicles subject to registration or subject only to  
15 the issuance of a certificate of title.

16 2. The sale of tangible personal property or the  
17 furnishing of services in the regular course of  
18 business.

19 3. Property used in processing. The use of  
20 property in processing within the meaning of this  
21 subsection shall mean and include any of the  
22 following:

23 a. Any tangible personal property including  
24 containers which it is intended shall, by means of  
25 fabrication, compounding, manufacturing, or  
26 germination, become an integral part of other tangible  
27 personal property intended to be sold ultimately at  
28 retail, and containers used in the collection,  
29 recovery, or return of empty beverage containers  
30 subject to chapter 455C.

31 b. Fuel which is consumed in creating power, heat,  
32 or steam for processing or for generating electric  
33 current.

34 c. Chemicals, solvents, sorbents, or reagents,  
35 which are directly used and are consumed, dissipated,  
36 or depleted in processing tangible personal property  
37 which is intended to be sold ultimately at retail, and  
38 which may not become a component or integral part of  
39 the finished product.

40 d. The distribution to the public of free  
41 newspapers or shoppers guides shall be deemed a retail  
42 sale for purposes of the processing exemption in this  
43 subsection.

44 4. All articles of tangible personal property  
45 brought into the state of Iowa by a nonresident  
46 individual for the individual's use or enjoyment while  
47 within the state.

48 5. Services exempt from taxation by the provisions  
49 of section 423.3.

50 6. Tangible personal property or services the

**H-1616**

**H-1616**

Page 85

1 sales price of which is exempt from the sales tax  
2 under section 423.3, except subsections 39 and 73, as  
3 it relates to the sale, but not the lease or rental,  
4 of vehicles subject to registration or subject only to  
5 the issuance of a certificate of title and as it  
6 relates to aircraft subject to registration under  
7 section 328.20.

8 7. Advertisement and promotional material and  
9 matter, seed catalogs, envelopes for same, and other  
10 similar material temporarily stored in this state  
11 which are acquired outside of Iowa and which,  
12 subsequent to being brought into this state, are sent  
13 outside of Iowa, either singly or physically attached  
14 to other tangible personal property sent outside of  
15 Iowa.

16 8. Vehicles, as defined in section 321.1,  
17 subsections 41, 64A, 71, 85, and 88, except such  
18 vehicles subject to registration which are designed  
19 primarily for carrying persons, when purchased for  
20 lease and actually leased to a lessee for use outside  
21 the state of Iowa and the subsequent sole use in Iowa  
22 is in interstate commerce or interstate  
23 transportation.

24 9. Tangible personal property which, by means of  
25 fabrication, compounding, or manufacturing, becomes an  
26 integral part of vehicles, as defined in section  
27 321.1, subsections 41, 64A, 71, 85, and 88,  
28 manufactured for lease and actually leased to a lessee  
29 for use outside the state of Iowa and the subsequent  
30 sole use in Iowa is in interstate commerce or  
31 interstate transportation. Vehicles subject to  
32 registration which are designed primarily for carrying  
33 persons are excluded from this subsection.

34 10. Vehicles subject to registration which are  
35 transferred from a business or individual conducting a  
36 business within this state as a sole proprietorship,  
37 partnership, or limited liability company to a  
38 corporation formed by the sole proprietorship,  
39 partnership, or limited liability company for the  
40 purpose of continuing the business when all of the  
41 stock of the corporation so formed is owned by the  
42 sole proprietor and the sole proprietor's spouse, by  
43 all the partners in the case of a partnership, or by  
44 all the members in the case of a limited liability  
45 company. This exemption is equally available where  
46 the vehicles subject to registration are transferred  
47 from a corporation to a sole proprietorship,  
48 partnership, or limited liability company formed by  
49 that corporation for the purpose of continuing the  
50 business when all of the incidents of ownership are

**H-1616**

**H-1616**

Page 86

1 owned by the same person or persons who were  
2 stockholders of the corporation.

3 This exemption also applies where the vehicles  
4 subject to registration are transferred from a  
5 corporation as part of the liquidation of the  
6 corporation to its stockholders if within three months  
7 of such transfer the stockholders retransfer those  
8 vehicles subject to registration to a sole  
9 proprietorship, partnership, or limited liability  
10 company for the purpose of continuing the business of  
11 the corporation when all of the incidents of ownership  
12 are owned by the same person or persons who were  
13 stockholders of the corporation.

14 10A. Vehicles subject to registration which are  
15 transferred from a corporation that is primarily  
16 engaged in the business of leasing vehicles subject to  
17 registration to a corporation that is primarily  
18 engaged in the business of leasing vehicles subject to  
19 registration when the transferor and transferee  
20 corporations are part of the same controlled group for  
21 federal income tax purposes.

22 11. Vehicles registered or operated under chapter  
23 326 and used substantially in interstate commerce,  
24 section 423.5, subsection 7, notwithstanding. For  
25 purposes of this subsection, "substantially in  
26 interstate commerce" means that a minimum of twenty-  
27 five percent of the miles operated by the vehicle  
28 accrues in states other than Iowa. This subsection  
29 applies only to vehicles which are registered for a  
30 gross weight of thirteen tons or more.

31 For purposes of this subsection, trailers and  
32 semitrailers registered or operated under chapter 326  
33 are deemed to be used substantially in interstate  
34 commerce and to be registered for a gross weight of  
35 thirteen tons or more.

36 For the purposes of this subsection, if a vehicle  
37 meets the requirement that twenty-five percent of the  
38 miles operated accrues in states other than Iowa in  
39 each year of the first four-year period of operation,  
40 the exemption from use tax shall continue until the  
41 vehicle is sold or transferred. If the vehicle is  
42 found to have not met the exemption requirements or  
43 the exemption was revoked, the value of the vehicle  
44 upon which the use tax shall be imposed is the book or  
45 market value, whichever is less, at the time the  
46 exemption requirements were not met or the exemption  
47 was revoked.

48 12. Mobile homes and manufactured housing the use  
49 of which has previously been subject to the tax  
50 imposed under this subchapter and for which that tax

**H-1616**

-86-

**H-1616**

Page 87

1 has been paid.

2 13. Mobile homes to the extent of the portion of  
3 the purchase price of the mobile home which is not  
4 attributable to the cost of the tangible personal  
5 property used in the processing of the mobile home,  
6 and manufactured housing to the extent of the purchase  
7 price or the installed purchase price of the  
8 manufactured housing which is not attributable to the  
9 cost of the tangible personal property used in the  
10 processing of the manufactured housing. For purposes  
11 of this exemption, the portion of the purchase price  
12 which is not attributable to the cost of the tangible  
13 personal property used in the processing of the mobile  
14 home is forty percent and the portion of the purchase  
15 price or installed purchase price which is not  
16 attributable to the cost of the tangible personal  
17 property used in the processing of the manufactured  
18 housing is forty percent.

19 14. Tangible personal property used or to be used  
20 as a ship, barge, or waterborne vessel which is used  
21 or to be used primarily in or for the transportation  
22 of property or cargo for hire on the rivers bordering  
23 the state or as materials or parts of such ship,  
24 barge, or waterborne vessel.

25 15. Vehicles subject to registration in any state  
26 when purchased for rental or registered and titled by  
27 a motor vehicle dealer licensed pursuant to chapter  
28 322 for rental use, and held for rental for a period  
29 of one hundred twenty days or more and actually rented  
30 for periods of sixty days or less by a person  
31 regularly engaged in the business of renting vehicles  
32 including, but not limited to, motor vehicle dealers  
33 licensed pursuant to chapter 322 who rent automobiles  
34 to users, if the rental of the vehicles is subject to  
35 taxation under chapter 423C.

36 16. Motor vehicles subject to registration which  
37 were registered and titled between July 1, 1982, and  
38 July 1, 1992, to a motor vehicle dealer licensed under  
39 chapter 322 and which were rented to a user as defined  
40 in section 423C.2 if the following occurred:

41 a. The dealer kept the vehicle on the inventory of  
42 vehicles for sale at all times.

43 b. The vehicle was to be immediately taken from  
44 the user of the vehicle when a buyer was found.

45 c. The user was aware of this situation.

46 17. Vehicles subject to registration under chapter  
47 321, with a gross vehicle weight rating of less than  
48 sixteen thousand pounds, excluding motorcycles and  
49 motorized bicycles, when purchased for lease and  
50 titled by the lessor licensed pursuant to chapter 321F

**H-1616**

-87-

**H-1616**

Page 88

1 and actually leased for a period of twelve months or  
2 more if the lease of the vehicle is subject to  
3 taxation under section 423.27.

4 A lessor may maintain the exemption from use tax  
5 under this subsection for a qualifying lease that  
6 terminates at the conclusion or prior to the  
7 contracted expiration date, if the lessor does not use  
8 the vehicle for any purpose other than for lease.

9 Once the vehicle is used by the lessor for a purpose  
10 other than for lease, the exemption from use tax under  
11 this subsection no longer applies and, unless there is  
12 an exemption from the use tax, use tax is due on the  
13 fair market value of the vehicle determined at the  
14 time the lessor uses the vehicle for a purpose other  
15 than for lease, payable to the department. If the  
16 lessor holds the vehicle exclusively for sale, use tax  
17 is due and payable on the purchase price of the  
18 vehicle at the time of purchase pursuant to this  
19 subchapter.

20 18. Aircraft for use in a scheduled interstate  
21 federal aviation administration certificated air  
22 carrier operation.

23 19. Aircraft; tangible personal property  
24 permanently affixed or attached as a component part of  
25 the aircraft, including but not limited to repair or  
26 replacement materials or parts; and all services used  
27 for aircraft repair, remodeling, and maintenance  
28 services when such services are performed on aircraft,  
29 aircraft engines, or aircraft component materials or  
30 parts. For the purposes of this exemption, "aircraft"  
31 means aircraft used in a scheduled interstate federal  
32 aviation administration certificated air carrier  
33 operation.

34 20. Tangible personal property permanently affixed  
35 or attached as a component part of the aircraft,  
36 including but not limited to repair or replacement  
37 materials or parts; and all services used for aircraft  
38 repair, remodeling, and maintenance services when such  
39 services are performed on aircraft, aircraft engines,  
40 or aircraft component materials or parts. For the  
41 purposes of this exemption, "aircraft" means aircraft  
42 used in a nonscheduled interstate federal aviation  
43 administration certificated air carrier operation  
44 operating under 14 C.F.R., ch. 1, pt. 135.

45 21. Aircraft sold to an aircraft dealer who in  
46 turn rents or leases the aircraft if all of the  
47 following apply:

48 a. The aircraft is kept in the inventory of the  
49 dealer for sale at all times.

50 b. The dealer reserves the right to immediately

**H-1616**

**H-1616**

Page 89

1 take the aircraft from the renter or lessee when a  
2 buyer is found.

3 c. The renter or lessee is aware that the dealer  
4 will immediately take the aircraft when a buyer is  
5 found.

6 If an aircraft exempt under this subsection is used  
7 for any purpose other than leasing or renting, or the  
8 conditions in paragraphs "a", "b", and "c" are not  
9 continuously met, the dealer claiming the exemption  
10 under this subsection is liable for the tax that would  
11 have been due except for this subsection. The tax  
12 shall be computed upon the original purchase price.

13 22. The use in this state of building materials,  
14 supplies, or equipment, the sale or use of which is  
15 not treated as a retail sale or a sale at retail under  
16 section 423.2, subsection 1.

17 23. Exempted from the purchase price of any  
18 vehicle subject to registration is:

19 a. The amount of any cash rebate which is provided  
20 by a motor vehicle manufacturer to the purchaser of  
21 the vehicle subject to registration so long as the  
22 rebate is applied to the purchase price of the  
23 vehicle.

24 b. That in transactions, except those subject to  
25 paragraph "c", in which tangible personal property is  
26 traded toward the purchase price of other tangible  
27 personal property the purchase price is only that  
28 portion of the purchase price which is payable in  
29 money to the retailer if the following conditions are  
30 met:

31 (1) The tangible personal property traded to the  
32 retailer is the type of property normally sold in the  
33 regular course of the retailer's business.

34 (2) The tangible personal property traded to the  
35 retailer is intended by the retailer to be ultimately  
36 sold at retail or is intended to be used by the  
37 retailer or another in the remanufacturing of a like  
38 item.

39 c. In a transaction between persons, neither of  
40 which is a retailer of vehicles subject to  
41 registration, in which a vehicle subject to  
42 registration is traded toward the purchase price of  
43 another vehicle subject to registration, the amount of  
44 the trade-in value allowed on the vehicle subject to  
45 registration traded.

#### 46 SUBCHAPTER IV

#### 47 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

#### 48 Sec. 109. NEW SECTION. 423.7 TITLE.

49 This subchapter shall be known and may be cited as  
50 the "Uniform Sales and Use Tax Administration Act".

**H-1616**



**H-1616**

Page 90

1 Sec. 110. NEW SECTION. 423.8 LEGISLATIVE FINDING  
2 AND INTENT.

3 The general assembly finds that Iowa should enter  
4 into an agreement with one or more states to simplify  
5 and modernize sales and use tax administration in  
6 order to substantially reduce the burden of tax  
7 compliance for all sellers and for all types of  
8 commerce. It is the intent of the general assembly  
9 that entering into this agreement will lead to  
10 simplification and modernization of the sales and use  
11 tax law and not to the imposition of new taxes or an  
12 increase or decrease in the existing number of  
13 exemptions, unless such a result is unavoidable under  
14 the terms of the agreement.

15 Sec. 111. NEW SECTION. 423.9 AUTHORITY TO ENTER  
16 AGREEMENT AND TO REPRESENT THE STATE.

17 The director is authorized and directed to enter  
18 into the streamlined sales and use tax agreement with  
19 one or more states to simplify and modernize sales and  
20 use tax administration in order to substantially  
21 reduce the burden of tax compliance for all sellers  
22 and for all types of commerce.

23 The director is further authorized to take other  
24 actions reasonably required to implement the  
25 provisions set forth in this chapter. Other actions  
26 authorized by this section include, but are not  
27 limited to, the adoption of rules and the joint  
28 procurement, with other member states, of goods and  
29 services in furtherance of the cooperative agreement.

30 The director or the director's designee is  
31 authorized to be a member of the governing board  
32 established pursuant to the agreement and to represent  
33 Iowa before that body.

34 Sec. 112. NEW SECTION. 423.10 RELATIONSHIP TO  
35 STATE LAW.

36 Entry into the agreement by the director does not  
37 amend or modify any law of this state. Implementation  
38 of any condition of the agreement in this state,  
39 whether adopted before, at, or after membership of  
40 this state in the agreement, shall be by action of the  
41 general assembly.

42 Sec. 113. NEW SECTION. 423.11 AGREEMENT  
43 REQUIREMENTS.

44 The director shall not enter into the agreement  
45 unless the agreement requires each state to abide by  
46 the following requirements:

47 1. UNIFORM STATE RATE. The agreement must set  
48 restrictions to achieve more uniform state rates  
49 through the following:

50 a. Limiting the number of state rates.

**H-1616**

**H-1616**

Page 91

- 1 b. Limiting the application of maximums on the
- 2 amount of state tax that is due on a transaction.
- 3 c. Limiting the application of thresholds on the
- 4 application of state tax.
- 5 2. UNIFORM STANDARDS. The agreement must
- 6 establish uniform standards for the following:
- 7 a. The sourcing of transactions to taxing
- 8 jurisdictions.
- 9 b. The administration of exempt sales.
- 10 c. The allowances a seller can take for bad debts.
- 11 d. Sales and use tax returns and remittances.
- 12 3. UNIFORM DEFINITIONS. The agreement must
- 13 require states to develop and adopt uniform
- 14 definitions of sales and use tax terms. The
- 15 definitions must enable a state to preserve its
- 16 ability to make policy choices not inconsistent with
- 17 the uniform definitions.
- 18 4. CENTRAL REGISTRATION. The agreement must
- 19 provide a central, electronic registration system that
- 20 allows a seller to register to collect and remit sales
- 21 and use taxes for all member states.
- 22 5. NO NEXUS ATTRIBUTION. The agreement must
- 23 provide that registration with the central
- 24 registration system and the collection of sales and
- 25 use taxes in the member states must not be used as a
- 26 factor in determining whether the seller has nexus
- 27 with a state for any tax.
- 28 6. LOCAL SALES AND USE TAXES. The agreement must
- 29 provide for reduction of the burdens of complying with
- 30 local sales and use taxes through the following:
- 31 a. Restricting variances between the state and
- 32 local tax bases.
- 33 b. Requiring states to administer any sales and
- 34 use taxes levied by local jurisdictions within the
- 35 state so that sellers collecting and remitting these
- 36 taxes must not have to register or file returns with,
- 37 remit funds to, or be subject to independent audits
- 38 from local taxing jurisdictions.
- 39 c. Restricting the frequency of changes in the
- 40 local sales and use tax rates and setting effective
- 41 dates for the application of local jurisdictional
- 42 boundary changes to local sales and use taxes.
- 43 d. Providing notice of changes in local sales and
- 44 use tax rates and of changes in the boundaries of
- 45 local taxing jurisdictions.
- 46 7. MONETARY ALLOWANCES. The agreement must
- 47 outline any monetary allowances that are to be
- 48 provided by the states to sellers or certified service
- 49 providers.
- 50 8. STATE COMPLIANCE. The agreement must require

**H-1616**

-91-

**H-1616**

Page 92

1 each state to certify compliance with the terms of the  
2 agreement prior to joining and to maintain compliance,  
3 under the laws of the member state, with all  
4 provisions of the agreement while a member.

5 9. CONSUMER PRIVACY. The agreement must require  
6 each state to adopt a uniform policy for certified  
7 service providers that protects the privacy of  
8 consumers and maintains the confidentiality of tax  
9 information.

10 10. ADVISORY COUNCILS. The agreement must provide  
11 for the appointment of an advisory council of private  
12 sector representatives and an advisory council of  
13 nonmember state representatives to consult with in the  
14 administration of the agreement.

15 Sec. 114. NEW SECTION. 423.12 LIMITED BINDING  
16 AND BENEFICIAL EFFECT.

17 1. The agreement binds and inures only to the  
18 benefit of Iowa and the other member states. A  
19 person, other than a member state, is not an intended  
20 beneficiary of the agreement. Any benefit to a person  
21 other than a member state is established by the law of  
22 Iowa and not by the terms of the agreement.

23 2. A person shall not have any cause of action or  
24 defense under the agreement or by virtue of this  
25 state's entry into the agreement. A person may not  
26 challenge, in any action brought under any provision  
27 of law, any action or inaction by any department,  
28 agency, or other instrumentality of this state, or any  
29 political subdivision of this state on the ground that  
30 the action or inaction is inconsistent with the  
31 agreement.

32 3. A law of this state, or the application of it,  
33 shall not be declared invalid as to any such person or  
34 circumstance on the ground that the provision or  
35 application is inconsistent with the agreement.

36 SUBCHAPTER V

37 SALES AND USE TAX ACT -- ADMINISTRATION OF  
38 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
39 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

40 Sec. 115. NEW SECTION. 423.13 PURPOSE OF THIS  
41 SUBCHAPTER.

42 The purpose of this subchapter is to provide for  
43 the administration and collection of sales or use tax  
44 on the part of retailers who are not registered under  
45 the agreement and for the collection of use tax on the  
46 part of consumers who are obligated to pay that tax  
47 directly. Any application of the sections of this  
48 subchapter to retailers registered under the agreement  
49 is only by way of incorporation by reference into  
50 subchapter VI of this chapter.

**H-1616**

**H-1616**

Page 93

1 Sec. 116. NEW SECTION. 423.14 SALES AND USE TAX  
2 COLLECTION.

3 1. a. Sales tax, other than that described in  
4 paragraph "c", shall be collected by sellers who are  
5 retailers or by their agents. Sellers or their agents  
6 shall, as far as practicable, add the sales tax, or  
7 the average equivalent thereof, to the sales price or  
8 charge, less trade-ins allowed and taken and when  
9 added such tax shall constitute a part of the sales  
10 price or charge, shall be a debt from consumer or user  
11 to seller or agent until paid, and shall be  
12 recoverable at law in the same manner as other debts.

13 b. In computing the tax to be collected as the  
14 result of any transaction, the tax computation must be  
15 carried to the third decimal place. Whenever the  
16 third decimal place is greater than four, the tax must  
17 be rounded up to the next whole cent; whenever the  
18 third decimal place is four or less, the tax must be  
19 rounded downward to a whole cent. Sellers may elect  
20 to compute the tax due on transactions on an item or  
21 invoice basis. Sellers are not required to use a  
22 bracket system.

23 c. The tax imposed upon those sales of motor  
24 vehicle fuel which are subject to tax and refund under  
25 chapter 452A shall be collected by the state treasurer  
26 by way of deduction from refunds otherwise allowable  
27 under that chapter. The treasurer shall transfer the  
28 amount of such deductions from the motor vehicle fuel  
29 tax fund to the special tax fund.

30 2. Use tax shall be collected in the following  
31 manner:

32 a. The tax upon the use of all vehicles subject to  
33 registration or subject only to the issuance of a  
34 certificate of title or the tax upon the use of  
35 manufactured housing shall be collected by the county  
36 treasurer or the state department of transportation  
37 pursuant to sections 423.26 and 423.27. The county  
38 treasurer shall retain one dollar from each tax  
39 payment collected, to be credited to the county  
40 general fund.

41 b. The tax upon the use of all tangible personal  
42 property other than that enumerated in paragraph "a",  
43 which is sold by a seller who is a retailer  
44 maintaining a place of business in this state, or by  
45 such other retailer or agent as the director shall  
46 authorize pursuant to section 423.30, shall be  
47 collected by the retailer or agent and remitted to the  
48 department, pursuant to the provisions of paragraph  
49 "e", and sections 423.24, 423.29, 423.30, 423.32, and  
50 423.33.

**H-1616**

-93-

**H-1616**

Page 94

1 c. The tax upon the use of all tangible personal  
2 property not paid pursuant to paragraphs "a" and "b"  
3 shall be paid to the department directly by any person  
4 using the property within this state, pursuant to the  
5 provisions of section 423.34.

6 d. The tax imposed on the use of services  
7 enumerated in section 423.5 shall be collected,  
8 remitted, and paid to the department of revenue and  
9 finance in the same manner as use tax on tangible  
10 personal property is collected, remitted, and paid  
11 under this subchapter.

12 e. All persons obligated by paragraph "a", "b", or  
13 "d", to collect use tax shall, as far as practicable,  
14 add that tax, or the average equivalent thereof, to  
15 the purchase price, less trade-ins allowed and taken,  
16 and when added the tax shall constitute a part of the  
17 purchase price. Use tax which this section requires  
18 to be collected by a retailer and any tax collected  
19 pursuant to this section by a retailer shall  
20 constitute a debt owed by the retailer to this state.  
21 Tax which must be paid directly to the department,  
22 pursuant to paragraph "c" or "d", is to be computed  
23 and added by the consumer or user to the purchase  
24 price in the same manner as this paragraph requires a  
25 seller to compute and add the tax. The tax shall be a  
26 debt from the consumer or user to the department until  
27 paid, and shall be recoverable at law in the same  
28 manner as other debts.

29 Sec. 117. NEW SECTION. 423.15 GENERAL SOURCING  
30 RULES.

31 All sellers obligated to collect Iowa sales or use  
32 tax shall use the standards set out in this section to  
33 determine where sales of products occur, excluding  
34 sales enumerated in section 423.16. These provisions  
35 apply regardless of the characterization of a product  
36 as tangible personal property, a digital good, or a  
37 service, excluding telecommunications services. This  
38 section only applies to determine a seller's  
39 obligation to pay or collect and remit a sales or use  
40 tax with respect to the seller's sale of a product.  
41 This section does not affect the obligation of a  
42 purchaser or lessee to remit tax on the use of the  
43 product to the taxing jurisdictions in which the use  
44 occurs. A seller's obligation to collect Iowa sales  
45 tax or Iowa use tax only occurs if the sale is sourced  
46 to this state. The application of whether Iowa sales  
47 tax applies to sales sourced to Iowa depends upon  
48 where the sale is consummated by delivery.

49 1. Sales, excluding leases or rentals other than  
50 leases or rentals set out in subsection 2, of products

**H-1616**

**H-1616**

Page 95

1 shall be sourced as follows.

2 a. When the product is received by the purchaser  
3 at a business location of the seller, the sale is  
4 sourced to that business location.

5 b. When the product is not received by the  
6 purchaser at a business location of the seller, the  
7 sale is sourced to the location where receipt by the  
8 purchaser or the purchaser's donee, designated as such  
9 by the purchaser, occurs, including the location  
10 indicated by instructions for delivery to the  
11 purchaser or donee, known to the seller.

12 c. When paragraphs "a" and "b" do not apply, the  
13 sale is sourced to the location indicated by an  
14 address for the purchaser that is available from the  
15 business records of the seller that are maintained in  
16 the ordinary course of the seller's business when use  
17 of this address does not constitute bad faith.

18 d. When paragraphs "a", "b", and "c" do not apply,  
19 the sale is sourced to the location indicated by an  
20 address for the purchaser obtained during the  
21 consummation of the sale, including the address of a  
22 purchaser's payment instrument, if no other address is  
23 available, when use of this address does not  
24 constitute bad faith.

25 e. When paragraphs "a", "b", "c", and "d" do not  
26 apply, including the circumstance where the seller is  
27 without sufficient information to apply the previous  
28 rules, then the location will be determined by the  
29 address from which tangible personal property was  
30 shipped, from which the digital good or the computer  
31 software delivered electronically was first available  
32 for transmission by the seller, or from which the  
33 service was provided disregarding for these purposes  
34 any location that merely provided the digital transfer  
35 of the product sold.

36 2. The lease or rental of tangible personal  
37 property, other than property identified in subsection  
38 3 or section 423.16, shall be sourced as follows:

39 a. For a lease or rental that requires recurring  
40 periodic payments, the first periodic payment is  
41 sourced the same as a retail sale in accordance with  
42 the provisions of subsection 1. Periodic payments  
43 made subsequent to the first payment are sourced to  
44 the primary property location for each period covered  
45 by the payment. The primary property location shall  
46 be as indicated by an address for the property  
47 provided by the lessee that is available to the lessor  
48 from its records maintained in the ordinary course of  
49 business, when use of this address does not constitute  
50 bad faith. The property location shall not be altered

**H-1616**

**H-1616**

Page 96

1 by intermittent use at different locations, such as  
2 use of business property that accompanies employees on  
3 business trips and service calls.

4 b. For a lease or rental that does not require  
5 recurring periodic payments, the payment is sourced  
6 the same as a retail sale in accordance with the  
7 provisions of subsection 1.

8 c. This subsection does not affect the imposition  
9 or computation of sales or use tax on leases or  
10 rentals based on a lump sum or accelerated basis, or  
11 on the acquisition of property for lease.

12 3. The retail sale, including lease or rental, of  
13 transportation equipment shall be sourced the same as  
14 a retail sale in accordance with the provisions of  
15 subsection 1, notwithstanding the exclusion of lease  
16 or rental in that subsection. "Transportation  
17 equipment" means any of the following:

18 a. Locomotives or railcars that are utilized for  
19 the carriage of persons or property in interstate  
20 commerce.

21 b. Trucks and truck-tractors with a gross vehicle  
22 weight rating of ten thousand one pounds or greater,  
23 trailers, semitrailers, or passenger buses that meet  
24 both of the following requirements:

25 (1) Are registered through the international  
26 registration plan.

27 (2) Are operated under authority of a carrier  
28 authorized and certificated by the United States  
29 department of transportation or another federal  
30 authority to engage in the carriage of persons or  
31 property in interstate commerce.

32 c. Aircraft that are operated by air carriers  
33 authorized and certificated by the United States  
34 department of transportation or another federal or a  
35 foreign authority to engage in the carriage of persons  
36 or property in interstate or foreign commerce.

37 d. Containers designed for use on and component  
38 parts attached or secured on the items set forth in  
39 paragraphs "a" through "c".

40 Sec. 118. NEW SECTION. 423.16 TRANSACTIONS TO  
41 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

42 Section 423.15 does not apply to sales or use taxes  
43 levied on the following:

44 1. The retail sale or transfer of watercraft,  
45 modular homes, manufactured housing, or mobile homes,  
46 and the retail sale, excluding lease or rental, of  
47 motor vehicles, trailers, semitrailers, or aircraft  
48 that do not qualify as transportation equipment, as  
49 defined in section 423.15, subsection 3.

50 2. The lease or rental of motor vehicles,

**H-1616**

-96-

**H-1616**

Page 97

1 trailers, semitrailers, or aircraft that do not  
2 qualify as transportation equipment, as defined in  
3 section 423.15, subsection 3, which shall be sourced  
4 in accordance with section 423.17.

5 3. Transactions to which the multiple points use  
6 exemption is applicable, which shall be sourced in  
7 accordance with section 423.18.

8 4. Transactions to which direct mail sourcing is  
9 applicable, which shall be sourced in accordance with  
10 section 423.19.

11 5. Telecommunications services, as set out in  
12 section 423.20, which shall be sourced in accordance  
13 with section 423.20, subsection 2.

14 Sec. 119. NEW SECTION. 423.17 SOURCING RULES FOR  
15 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS  
16 NOT TRANSPORTATION EQUIPMENT.

17 The lease or rental of motor vehicles, trailers,  
18 semitrailers, or aircraft that do not qualify as  
19 transportation equipment, as defined in section  
20 423.15, subsection 3, shall be sourced as follows:

21 1. For a lease or rental that requires recurring  
22 periodic payments, each periodic payment is sourced to  
23 the primary property location. The primary property  
24 location shall be as indicated by an address for the  
25 property provided by the lessee that is available to  
26 the lessor from its records maintained in the ordinary  
27 course of business, when use of this address does not  
28 constitute bad faith. This location shall not be  
29 altered by intermittent use at different locations.

30 2. For a lease or rental that does not require  
31 recurring periodic payments, the payment is sourced  
32 the same as a retail sale in accordance with the  
33 provisions of section 423.15, subsection 1.

34 3. This section does not affect the imposition or  
35 computation of sales or use tax on leases or rentals  
36 based on a lump sum or accelerated basis, or on the  
37 acquisition of property for lease.

38 Sec. 120. NEW SECTION. 423.18 MULTIPLE POINTS OF  
39 USE EXEMPTION FORMS.

40 A business purchaser that is not a holder of a  
41 direct pay tax permit pursuant to section 423.36 that  
42 knows at the time of its purchase of a digital good,  
43 computer software delivered electronically, or a  
44 service that the digital good, computer software  
45 delivered electronically, or service will be  
46 concurrently available for use in more than one  
47 jurisdiction shall deliver to the seller in  
48 conjunction with its purchase a "multiple points of  
49 use" or "MPU" exemption form disclosing this fact.

50 1. Upon receipt of the MPU exemption form, the

**H-1616**

-97-



**H-1616**

Page 98

1 seller is relieved of all obligation to collect, pay,  
2 or remit the applicable tax and the purchaser shall be  
3 obligated to collect, pay, or remit the applicable tax  
4 on a direct pay basis.

5 2. A purchaser delivering the MPU exemption form  
6 may use any reasonable, but consistent and uniform,  
7 method of apportionment that is supported by the  
8 purchaser's business records as they exist at the time  
9 of the consummation of the sale.

10 3. The MPU exemption form will remain in effect  
11 for all future sales by the seller to the purchaser  
12 except as to the subsequent sale's specific  
13 apportionment that is governed by the principle of  
14 subsection 2 and the facts existing at the time of the  
15 sale until it is revoked in writing.

16 4. A holder of a direct pay tax permit under  
17 section 423.36 shall not be required to deliver an MPU  
18 exemption form to the seller. A direct pay tax permit  
19 holder shall follow the provisions of subsection 2 in  
20 apportioning the tax due on a digital good, computer  
21 software delivered electronically, or service that  
22 will be concurrently available for use in more than  
23 one jurisdiction.

24 Sec. 121. NEW SECTION. 423.19 DIRECT MAIL  
25 SOURCING.

26 1. Notwithstanding section 423.15, a purchaser of  
27 direct mail that is not a holder of a direct pay tax  
28 permit pursuant to section 423.36 shall provide to the  
29 seller in conjunction with the purchase either a  
30 direct mail form or information to show the  
31 jurisdictions to which the direct mail is delivered to  
32 recipients.

33 a. Upon receipt of the direct mail form, the  
34 seller is relieved of all obligations to collect, pay,  
35 or remit the applicable tax and the purchaser is  
36 obligated to pay or remit the applicable tax on a  
37 direct pay basis. A direct mail form shall remain in  
38 effect for all future sales of direct mail by the  
39 seller to the purchaser until it is revoked in  
40 writing.

41 b. Upon receipt of information from the purchaser  
42 showing the jurisdictions to which the direct mail is  
43 delivered to recipients, the seller shall collect the  
44 tax according to the delivery information provided by  
45 the purchaser. In the absence of bad faith, the  
46 seller is relieved of any further obligation to  
47 collect tax on any transaction where the seller has  
48 collected tax pursuant to the delivery information  
49 provided by the purchaser.

50 2. If the purchaser of direct mail does not have a

**H-1616**

**H-1616**

Page 99

1 direct pay tax permit and does not provide the seller  
2 with either a direct mail form or delivery  
3 information, as required by subsection 1, the seller  
4 shall collect the tax according to section 423.15,  
5 subsection 1, paragraph "e". Nothing in this  
6 subsection shall limit a purchaser's obligation for  
7 sales or use tax to any state to which the direct mail  
8 is delivered.

9 3. If a purchaser of direct mail provides the  
10 seller with documentation of direct pay authority, the  
11 purchaser shall not be required to provide a direct  
12 mail form or delivery information to the seller.

13 Sec. 122. NEW SECTION. 423.20 TELECOMMUNICATIONS  
14 SERVICE SOURCING.

15 1. As used in this section:

16 a. "Air-to-ground radiotelephone service" means a  
17 radio service, as that term is used in 47 C.F.R. §  
18 22.99, in which common carriers are authorized to  
19 offer and provide radio telecommunications service for  
20 hire to subscribers in aircraft.

21 b. "Call-by-call basis" means any method of  
22 charging for the telecommunications service where the  
23 price is measured by individual calls.

24 c. "Communications channel" means a physical or  
25 virtual path of communications over which signals are  
26 transmitted between or among customer channel  
27 termination points.

28 d. "Customer" means the person or entity that  
29 contracts with the seller of the telecommunications  
30 service. If the end user of the telecommunications  
31 service is not the contracting party, the end user of  
32 the telecommunications service is the customer of the  
33 telecommunications service, but this sentence only  
34 applies for the purpose of sourcing sales of the  
35 telecommunications service under this section.

36 "Customer" does not include a reseller of a  
37 telecommunications service or for mobile  
38 telecommunications service of a serving carrier under  
39 an agreement to serve the customer outside the home  
40 service provider's licensed service area.

41 e. "Customer channel termination point" means the  
42 location where the customer either inputs or receives  
43 the communications.

44 f. "End user" means the person who utilizes the  
45 telecommunications service. In the case of an entity,  
46 "end user" means the individual who utilizes the  
47 service on behalf of the entity.

48 g. "Home service provider" means the same as that  
49 term is defined in the federal Mobile

50 Telecommunications Sourcing Act, Pub. L. No. 106-252,

**H-1616**

-99-

**H-1616**

Page 100

1 4 U.S.C. § 124(5).

2 h. "Mobile telecommunications service" means the  
3 same as that term is defined in federal Mobile  
4 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
5 4 U.S.C. § 124(7).

6 i. "Place of primary use" means the street address  
7 representative of where the customer's use of the  
8 telecommunications service primarily occurs, which  
9 must be the residential street address or the primary  
10 business street address of the customer. In the case  
11 of mobile telecommunications service, "place of  
12 primary use" must be within the licensed service area  
13 of the home service provider.

14 j. "Postpaid calling service" means the  
15 telecommunications service obtained by making a  
16 payment on a call-by-call basis either through the use  
17 of a credit card or payment mechanism such as a bank  
18 card, travel card, credit card, or debit card, or by  
19 charge made to a telephone number which is not  
20 associated with the origination or termination of the  
21 telecommunications service. A "postpaid calling  
22 service" includes a telecommunications service that  
23 would be a prepaid calling service except it is not  
24 exclusively a telecommunications service.

25 k. "Prepaid calling service" means the right to  
26 access exclusively telecommunications services, which  
27 must be paid for in advance and which enables the  
28 origination of calls using an access number or  
29 authorization code, whether manually or electronically  
30 dialed, and that is sold in predetermined units or  
31 dollars of which the amount declines with use in a  
32 known amount.

33 l. "Private communication service" means a  
34 telecommunications service that entitles the customer  
35 to exclusive or priority use of a communications  
36 channel or group of channels between or among  
37 termination points, regardless of the manner in which  
38 such channel or channels are connected, and includes  
39 switching capacity, extension lines, stations, and any  
40 other associated services that are provided in  
41 connection with the use of such channel or channels.

42 m. "Service address" means one of the following:

43 (1) The location of the telecommunications  
44 equipment to which a customer's call is charged and  
45 from which the call originates or terminates,  
46 regardless of where the call is billed or paid.

47 (2) If the location in subparagraph (1) is not  
48 known, "service address" means the origination point  
49 of the signal of the telecommunications service first  
50 identified by either the seller's telecommunications

**H-1616**

-100-

**H-1616**

Page 101

1 system or in information received by the seller from  
2 its service provider, where the system used to  
3 transport such signals is not that of the seller.

4 (3) If the locations in subparagraphs (1) and (2)  
5 are not known, the "service address" means the  
6 location of the customer's place of primary use.

7 2. Sales of telecommunications services shall be  
8 sourced in the following manner:

9 a. Except for the defined telecommunications  
10 services in paragraph "c", the sale of  
11 telecommunications services sold on a call-by-call  
12 basis shall be sourced to one of the following:

13 (1) Each level of taxing jurisdiction where the  
14 call originates and terminates in that jurisdiction.

15 (2) Each level of taxing jurisdiction where the  
16 call either originates or terminates and in which the  
17 service address is also located.

18 b. Except for the defined telecommunications  
19 services in paragraph "c", a sale of  
20 telecommunications services sold on a basis other than  
21 a call-by-call basis is sourced to the customer's  
22 place of primary use.

23 c. Sale of the following telecommunications  
24 services shall be sourced to each level of taxing  
25 jurisdiction as follows:

26 (1) A sale of mobile telecommunications services  
27 other than air-to-ground radiotelephone service or  
28 prepaid calling service is sourced to the customer's  
29 place of primary use as required by the federal Mobile  
30 Telecommunications Sourcing Act.

31 (2) A sale of postpaid calling service is sourced  
32 to the origination point of the telecommunications  
33 signal as first identified by either of the following:

34 (a) The seller's telecommunications system.

35 (b) Information received by the seller from its  
36 service provider, where the system used to transport  
37 such signals is not that of the seller.

38 (3) A sale of prepaid calling service is sourced  
39 in accordance with section 423.15. However, in the  
40 case of a sale of mobile telecommunications services  
41 that is a prepaid telecommunications service, the rule  
42 provided in section 423.15, subsection 1, paragraph  
43 "e", shall include as an option the location  
44 associated with the mobile telephone number.

45 (4) A sale of a private telecommunications service  
46 is sourced as follows:

47 (a) Service for a separate charge related to a  
48 customer channel termination point is sourced to each  
49 level of jurisdiction in which such customer channel  
50 termination point is located.

**H-1616**

-101-

**H-1616**

Page 102

1 (b) Service where all customer termination points  
2 are located entirely within one jurisdiction or level  
3 of jurisdiction is sourced in such jurisdiction in  
4 which the customer channel termination points are  
5 located.

6 (c) Service for segments of a channel between two  
7 customer channel termination points located in  
8 different jurisdictions and which segments of a  
9 channel are separately charged is sourced fifty  
10 percent in each level of jurisdiction in which the  
11 customer channel termination points are located.

12 (d) Service for segments of a channel located in  
13 more than one jurisdiction or levels of jurisdiction  
14 and which segments are not separately billed is  
15 sourced in each jurisdiction based on the percentage  
16 determined by dividing the number of customer channel  
17 termination points in such jurisdiction by the total  
18 number of customer channel termination points.

19 Sec. 123. NEW SECTION. 423.21 BAD DEBT  
20 DEDUCTIONS.

21 1. For the purposes of this section, "bad debt"  
22 means an amount properly calculated pursuant to  
23 section 166 of the Internal Revenue Code then adjusted  
24 to exclude financing charges or interest, sales or use  
25 taxes charged on the purchase price, uncollectible  
26 amounts on property that remain in the possession of  
27 the seller until the full purchase price is paid,  
28 expenses incurred in attempting to collect any debt,  
29 and repossessed property.

30 2. In computing the amount of tax due, a seller  
31 may deduct bad debts from the total amount upon which  
32 the tax is calculated for any return. Any deduction  
33 taken or refund paid which is attributed to bad debts  
34 shall not include interest.

35 3. A seller may deduct bad debts on the return for  
36 the period during which the bad debt is written off as  
37 uncollectible in the seller's books and records and is  
38 eligible to be deducted for federal income tax  
39 purposes. For purposes of this subsection, a seller  
40 who is not required to file federal income tax returns  
41 may deduct a bad debt on a return filed for the period  
42 in which the bad debt is written off as uncollectible  
43 in the seller's books and records and would be  
44 eligible for a bad debt deduction for federal income  
45 tax purposes if the seller were required to file a  
46 federal income tax return.

47 4. If a deduction is taken for a bad debt and the  
48 seller subsequently collects the debt in whole or in  
49 part, the tax on the amount so collected must be paid  
50 and reported on the return filed for the period in

**H-1616**

-102-

**H-1616**

Page 103

1 which the collection is made.

2 5. A seller may obtain a refund of tax on any  
3 amount of bad debt that exceeds the amount of taxable  
4 sales within the period allowed for refund claims by  
5 section 423.47. However, the period allowed for  
6 refund claims shall be measured from the due date of  
7 the return on which the bad debt could first be  
8 claimed.

9 6. For the purposes of computing a bad debt  
10 deduction or reporting a payment received on a  
11 previously claimed bad debt, any payments made on a  
12 debt or account shall be applied first to the price of  
13 the property or service and tax thereon,  
14 proportionally, and secondly to interest, service  
15 charges, and any other charges.

16 Sec. 124. NEW SECTION. 423.22 TAXATION IN  
17 ANOTHER STATE.

18 If any person who causes tangible personal property  
19 to be brought into this state or who uses in this  
20 state services enumerated in section 423.2 has already  
21 paid a tax in another state in respect to the sale or  
22 use of the property or the performance of the service,  
23 or an occupation tax in respect to the property or  
24 service, in an amount less than the tax imposed by  
25 subchapter II or III, the provisions of those  
26 subchapters shall apply, but at a rate measured by the  
27 difference only between the rate fixed by subchapter  
28 II or III and the rate by which the previous tax on  
29 the sale or use, or the occupation tax, was computed.  
30 If the tax imposed and paid in the other state is  
31 equal to or more than the tax imposed by those  
32 subchapters, then a tax is not due in this state on  
33 the personal property or service.

34 Sec. 125. NEW SECTION. 423.23 SELLERS'  
35 AGREEMENTS.

36 Agreements between competing sellers, or the  
37 adoption of appropriate rules and regulations by  
38 organizations or associations of sellers to provide  
39 uniform methods for adding sales or use tax or the  
40 average equivalent thereof, and which do not involve  
41 price-fixing agreements otherwise unlawful, are  
42 expressly authorized and shall be held not in  
43 violation of chapter 553 or other antitrust laws of  
44 this state. The director shall cooperate with  
45 sellers, organizations, or associations in formulating  
46 agreements and rules.

47 Sec. 126. NEW SECTION. 423.24 ABSORBING TAX  
48 PROHIBITED.

49 A seller shall not advertise or hold out or state  
50 to the public or to any purchaser, consumer, or user,

**H-1616**

**H-1616**

Page 104

1 directly or indirectly, that the taxes or any parts  
2 thereof imposed by subchapter II or III will be  
3 assumed or absorbed by the seller or the taxes will  
4 not be added to the sales price of the property sold,  
5 or if added that the taxes or any part thereof will be  
6 refunded. Any person violating any of the provisions  
7 of this section within this state is guilty of a  
8 simple misdemeanor.

9 Sec. 127. NEW SECTION. 423.25 DIRECTOR'S POWER  
10 TO ADOPT RULES.

11 The director shall have the power to adopt rules  
12 for adding the taxes imposed by subchapters II and  
13 III, or the average equivalents thereof, by providing  
14 different methods applying uniformly to retailers  
15 within the same general classification for the purpose  
16 of enabling the retailers to add and collect, as far  
17 as practicable, the amounts of those taxes.

18 Sec. 128. NEW SECTION. 423.26 VEHICLES SUBJECT  
19 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE --  
20 MANUFACTURED HOUSING.

21 The use tax imposed upon the use of vehicles  
22 subject to registration or subject only to the  
23 issuance of a certificate of title or imposed upon the  
24 use of manufactured housing shall be paid by the owner  
25 of the vehicle or of the manufactured housing to the  
26 county treasurer or the state department of  
27 transportation from whom the registration receipt or  
28 certificate of title is obtained. A registration  
29 receipt for a vehicle subject to registration or  
30 certificate of title shall not be issued until the tax  
31 has been paid. The county treasurer or the state  
32 department of transportation shall require every  
33 applicant for a registration receipt for a vehicle  
34 subject to registration or certificate of title to  
35 supply information as the county treasurer or the  
36 director deems necessary as to the time of purchase,  
37 the purchase price, installed purchase price, and  
38 other information relative to the purchase of the  
39 vehicle or manufactured housing. On or before the  
40 tenth day of each month, the county treasurer or the  
41 state department of transportation shall remit to the  
42 department the amount of the taxes collected during  
43 the preceding month.

44 A person who willfully makes a false statement in  
45 regard to the purchase price of a vehicle subject to  
46 taxation under this section is guilty of a fraudulent  
47 practice. A person who willfully makes a false  
48 statement in regard to the purchase price of such a  
49 vehicle with the intent to evade the payment of tax  
50 shall be assessed a penalty of seventy-five percent of

**H-1616**

-104-

**H-1616**

Page 105

1 the amount of tax unpaid and required to be paid on  
2 the actual purchase price less trade-in allowance.

3 Sec. 129. NEW SECTION. 423.27 MOTOR VEHICLE  
4 LEASE TAX.

5 1. The use tax imposed upon the use of leased  
6 vehicles subject to registration under chapter 321,  
7 with gross vehicle weight ratings of less than sixteen  
8 thousand pounds, excluding motorcycles and motorized  
9 bicycles, which are leased by a lessor licensed  
10 pursuant to chapter 321F for a period of twelve months  
11 or more shall be paid by the owner of the vehicle to  
12 the county treasurer or state department of  
13 transportation from whom the registration receipt or  
14 certificate of title is obtained. A registration  
15 receipt for a vehicle subject to registration or  
16 issuance of a certificate of title shall not be issued  
17 until the tax is paid in the initial instance. Tax on  
18 the lease transaction that does not require titling or  
19 registration of the vehicle shall be remitted to the  
20 department. Tax and the reporting of tax due to the  
21 department shall be remitted on or before fifteen days  
22 from the last day of the month that the vehicle lease  
23 tax becomes due. Failure to timely report or remit  
24 any of the tax when due shall result in a penalty and  
25 interest being imposed on the tax due pursuant to  
26 section 423.40, subsection 1, and section 423.42,  
27 subsection 1.

28 2. The amount subject to tax shall be computed on  
29 each separate lease transaction by taking the total of  
30 the lease payments, plus the down payment, and  
31 excluding all of the following:

- 32 a. Title fee.
- 33 b. Registration fees.
- 34 c. Vehicle lease tax pursuant to this section.
- 35 d. Federal excise taxes attributable to the sale  
36 of the vehicle to the owner or to the lease of the  
37 vehicle by the owner.
- 38 e. Optional service or warranty contracts subject  
39 to tax pursuant to section 423.2, subsection 1.
- 40 f. Insurance.
- 41 g. Manufacturer's rebate.
- 42 h. Refundable deposit.
- 43 i. Finance charges, if any, on items listed in  
44 paragraphs "a" through "h".

45 If any or all of the items in paragraphs "a"  
46 through "i" are excluded from the taxable lease price,  
47 the owner shall maintain adequate records of the  
48 amounts of those items. If the parties to a lease  
49 enter into an agreement providing that the tax imposed  
50 under this statute is to be paid by the lessee or

**H-1616**

-105-



**H-1616**

Page 106

1 included in the monthly lease payments to be paid by  
2 the lessee, the total cost of the tax shall not be  
3 included in the computation of lease price for the  
4 purpose of taxation under this section. The county  
5 treasurer, the state department of transportation, or  
6 the department of revenue and finance shall require  
7 every applicant for a registration receipt for a  
8 vehicle subject to tax under this section to supply  
9 information as the county treasurer or director deems  
10 necessary as to the date of the lease transaction, the  
11 lease price, and other information relative to the  
12 lease of the vehicle.

13 3. On or before the tenth day of each month, the  
14 county treasurer or the state department of  
15 transportation shall remit to the department the  
16 amount of the taxes collected during the preceding  
17 month.

18 4. If the lease is terminated prior to the  
19 termination date contained in the lease agreement, no  
20 refund shall be allowed for tax previously paid under  
21 this section, except as provided in section 322G.4.

22 Sec. 130. NEW SECTION. 423.28 SALES TAX REPORT  
23 -- DEDUCTION.

24 Motor vehicle or trailer dealers, in making their  
25 reports and returns to the department for the purpose  
26 of paying the sales tax, shall be permitted to deduct  
27 all sales prices from retail sales of vehicles subject  
28 to registration or subject only to the issuance of a  
29 certificate of title. Sales prices from sales of  
30 vehicles subject to registration or subject only to  
31 the issuance of a certificate of title are exempted  
32 from the sales tax, but, if required by the director,  
33 the sales prices shall be included in the returns made  
34 by motor vehicle or trailer dealers under subchapter  
35 II, and proper deductions taken pursuant to this  
36 section.

37 Sec. 131. NEW SECTION. 423.29 COLLECTIONS BY  
38 SELLERS.

39 Every seller who is a retailer and who is making  
40 taxable sales of tangible personal property in Iowa  
41 shall, at the time of selling the property, collect  
42 the sales tax. Every seller who is a retailer  
43 maintaining a place of business in this state and  
44 selling tangible personal property for use in Iowa  
45 shall, at the time of making the sale, whether within  
46 or without the state, collect the use tax. Sellers  
47 required to collect sales or use tax shall give to any  
48 purchaser a receipt for the tax collected in the  
49 manner and form prescribed by the director.

50 Every seller who is a retailer furnishing taxable

**H-1616**

**H-1616**

Page 107

1 services in Iowa and every seller who is a retailer  
2 maintaining a place of business in this state and  
3 furnishing taxable services in Iowa or services  
4 outside Iowa if the product or result of the service  
5 is used in Iowa shall be subject to the provisions of  
6 the preceding paragraph.

7 Sec. 132. NEW SECTION. 423.30 FOREIGN SELLERS  
8 NOT REGISTERED UNDER THE AGREEMENT.

9 The director may, upon application, authorize the  
10 collection of the use tax by any seller who is a  
11 retailer not maintaining a place of business within  
12 this state and not registered under the agreement,  
13 who, to the satisfaction of the director, furnishes  
14 adequate security to ensure collection and payment of  
15 the tax. Such sellers shall be issued, without  
16 charge, permits to collect tax subject to any  
17 regulations which the director shall prescribe. When  
18 so authorized, it shall be the duty of foreign sellers  
19 to collect the tax upon all tangible personal property  
20 sold, to the retailer's knowledge, for use within this  
21 state, in the same manner and subject to the same  
22 requirements as a retailer maintaining a place of  
23 business within this state. The authority and permit  
24 may be canceled when, at any time, the director  
25 considers the security inadequate, or that tax can  
26 more effectively be collected from the person using  
27 property in this state.

28 The discretionary power granted in this section is  
29 extended to apply in the case of foreign retailers  
30 furnishing services enumerated in section 423.2.

31 Sec. 133. NEW SECTION. 423.31 FILING OF SALES  
32 TAX RETURNS AND PAYMENT OF SALES TAX.

33 1. Each person subject to this section and section  
34 423.36 and in accordance with the provisions of this  
35 section and section 423.36 shall, on or before the  
36 last day of the month following the close of each  
37 calendar quarter during which such person is or has  
38 become or ceased being subject to the provisions of  
39 this section and section 423.36, make, sign, and file  
40 a return for the calendar quarter in the form as may  
41 be required. Returns shall show information relating  
42 to sales prices including goods, wares, and services  
43 converted to the use of such person, the amounts of  
44 sales prices excluded and exempt from the tax, the  
45 amounts of sales prices subject to tax, a calculation  
46 of tax due, and any other information for the period  
47 covered by the return as may be required. Returns  
48 shall be signed by the retailer or the retailer's  
49 authorized agent and must be certified by the retailer  
50 to be correct in accordance with forms and rules

**H-1616**

-107-

**H-1616**

Page 108

1 prescribed by the director.  
2 2. Persons required to file, or committed to file  
3 by reason of voluntary action or by order of the  
4 department, deposits of taxes due under this  
5 subchapter shall be entitled to take credit against  
6 the total quarterly amount of tax due such amount as  
7 shall have been deposited by such persons during that  
8 calendar quarter. The balance remaining due after  
9 such credit for deposits shall be entered on the  
10 return. However, such person may be granted an  
11 extension of time not exceeding thirty days for filing  
12 the quarterly return, upon a proper showing of  
13 necessity. If an extension is granted, such person  
14 shall have paid by the twentieth day of the month  
15 following the close of such quarter ninety percent of  
16 the estimated tax due.

17 3. The sales tax forms prescribed by the director  
18 shall be referred to as "retailers tax deposit".  
19 Deposit forms shall be signed by the retailer or the  
20 retailer's duly authorized agent, and shall be duly  
21 certified by the retailer or agent to be correct. The  
22 director may authorize incorporated banks and trust  
23 companies or other depositories authorized by law  
24 which are depositories or financial agents of the  
25 United States, or of this state, to receive any sales  
26 tax imposed under this chapter, in the manner, at the  
27 times, and under the conditions the director  
28 prescribes. The director shall prescribe the manner,  
29 times, and conditions under which the receipt of the  
30 tax by those depositories is to be treated as payment  
31 of the tax to the department.

32 4. Every retailer at the time of making any return  
33 required by this section shall compute and pay to the  
34 department the tax due for the preceding period. The  
35 tax on sales prices from the sale or rental of  
36 tangible personal property under a consumer rental  
37 purchase agreement as defined in section 537.3604,  
38 subsection 8, is payable in the tax period of receipt.

39 5. Upon making application and receiving approval  
40 from the director, a parent corporation and its  
41 affiliated corporations that make retail sales of  
42 tangible personal property or taxable enumerated  
43 services may make deposits and file a consolidated  
44 sales tax return for the affiliated group, pursuant to  
45 rules adopted by the director. A parent corporation  
46 and each affiliate corporation that files a  
47 consolidated return are jointly and severally liable  
48 for all tax, penalty, and interest found due for the  
49 tax period for which a consolidated return is filed or  
50 required to be filed.

**H-1616**

-108-

**H-1616**

Page 109

1 A business required to file a consolidated sales  
2 tax return shall file a form entitled "schedule of  
3 consolidated business locations" with its quarterly  
4 sales tax return that shows the taxpayer's  
5 consolidated permit number, the permit number for each  
6 Iowa business location, the state sales tax amount by  
7 business location, and the amount of state sales tax  
8 due on goods consumed that are not assigned to a  
9 specific business location. Consolidated quarterly  
10 sales tax returns that are not accompanied by the  
11 schedule of consolidated business locations form are  
12 considered incomplete and are subject to penalty under  
13 section 421.27.

14 6. If necessary or advisable in order to insure  
15 the payment of the tax, the director may require  
16 returns and payment of the tax to be made for other  
17 than quarterly periods, the provisions of this  
18 section, or other provision to the contrary  
19 notwithstanding.

20 Sec. 134. NEW SECTION. 423.32 FILING OF USE TAX  
21 RETURNS AND PAYMENT OF USE TAX.

22 1. A retailer maintaining a place of business in  
23 this state who is required to collect or a user who is  
24 required to pay the use tax or a foreign retailer  
25 authorized, pursuant to section 423.30, to collect the  
26 use tax, shall remit to the department the amount of  
27 tax on or before the last day of the month following  
28 each calendar quarterly period. However, a retailer  
29 who collects or owes more than fifteen hundred dollars  
30 in use taxes in a month shall deposit with the  
31 department or in a depository authorized by law and  
32 designated by the director, the amount collected or  
33 owed, with a deposit form for the month as prescribed  
34 by the director.

35 a. The deposit form is due on or before the  
36 twentieth day of the month following the month of  
37 collection, except a deposit is not required for the  
38 third month of the calendar quarter, and the total  
39 quarterly amount, less the amounts deposited for the  
40 first two months of the quarter, is due with the  
41 quarterly report on the last day of the month  
42 following the month of collection. At that time, the  
43 retailer shall file with the department a return for  
44 the preceding quarterly period in the form prescribed  
45 by the director showing the purchase price of the  
46 tangible personal property sold by the retailer during  
47 the preceding quarterly period, the use of which is  
48 subject to the use tax imposed by this chapter, and  
49 other information the director deems necessary for the  
50 proper administration of the use tax.

**H-1616**

-109-

**H-1616**

Page 110

1 b. The return shall be accompanied by a remittance  
2 of the use tax for the period covered by the return.  
3 If necessary in order to ensure payment to the state  
4 of the tax, the director may in any or all cases  
5 require returns and payments to be made for other than  
6 quarterly periods. The director, upon request and a  
7 proper showing of necessity, may grant an extension of  
8 time not to exceed thirty days for making any return  
9 and payment. Returns shall be signed, in accordance  
10 with forms and rules prescribed by the director, by  
11 the retailer or the retailer's authorized agent, and  
12 shall be certified by the retailer or agent to be  
13 correct.

14 2. If it is reasonably expected, as determined by  
15 rules prescribed by the director, that a retailer's  
16 annual sales or use tax liability will not exceed one  
17 hundred twenty dollars for a calendar year, the  
18 retailer may request and the director may grant  
19 permission to the retailer, in lieu of the quarterly  
20 filing and remitting requirements set out elsewhere in  
21 this section, to file the return required by and remit  
22 the sales or use tax due under this section on a  
23 calendar-year basis. The return and tax are due and  
24 payable no later than January 31 following each  
25 calendar year in which the retailer carries on  
26 business.

27 3. The director, in cooperation with the  
28 department of management, may periodically change the  
29 filing and remittance thresholds by administrative  
30 rule if in the best interests of the state and  
31 taxpayer to do so.

32 Sec. 135. NEW SECTION. 423.33 LIABILITY OF  
33 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR  
34 USE TAX.

35 1. LIABILITY OF PURCHASER FOR SALES TAX. If a  
36 purchaser fails to pay sales tax to the retailer  
37 required to collect the tax, then in addition to all  
38 of the rights, obligations, and remedies provided, the  
39 tax is payable by the purchaser directly to the  
40 department, and sections 423.31, 423.32, 423.37,  
41 423.38, 423.39, 423.40, 423.41, and 423.42 apply to  
42 the purchaser. For failure to pay, the retailer and  
43 purchaser are liable, unless the circumstances  
44 described in section 421.60, subsection 2, paragraph  
45 "m", or section 423.45, subsection 4, paragraph "b" or  
46 "e", or subsection 5, paragraph "c" or "e", are  
47 applicable.

48 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE  
49 TAX. If a retailer sells the retailer's business or  
50 stock of goods or quits the business, the retailer

**H-1616**

-110-

**H-1616**

Page 111

1 shall prepare a final return and pay all sales or use  
2 tax due within the time required by law. The  
3 immediate successor to the retailer, if any, shall  
4 withhold a sufficient portion of the purchase price,  
5 in money or money's worth, to pay the amount of  
6 delinquent tax, interest, or penalty due and unpaid.  
7 If the immediate successor of the business or stock of  
8 goods intentionally fails to withhold the amount due  
9 from the purchase price as provided in this  
10 subsection, the immediate successor is personally  
11 liable for the payment of delinquent taxes, interest,  
12 and penalty accrued and unpaid on account of the  
13 operation of the business by the immediate former  
14 retailer, except when the purchase is made in good  
15 faith as provided in section 421.28. However, a  
16 person foreclosing on a valid security interest or  
17 retaking possession of premises under a valid lease is  
18 not an "immediate successor" for purposes of this  
19 section. The department may waive the liability of  
20 the immediate successor under this subsection if the  
21 immediate successor exercised good faith in  
22 establishing the amount of the previous liability.

23 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A  
24 person sponsoring a flea market or a craft, antique,  
25 coin, or stamp show or similar event shall obtain from  
26 every retailer selling tangible personal property or  
27 taxable services at the event proof that the retailer  
28 possesses a valid sales tax permit or secure from the  
29 retailer a statement, taken in good faith, that  
30 property or services offered for sale are not subject  
31 to sales tax. Failure to do so renders a sponsor of  
32 the event liable for payment of any sales tax,  
33 interest, and penalty due and owing from any retailer  
34 selling property or services at the event. Sections  
35 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
36 423.41, and 423.42 apply to the sponsors. For  
37 purposes of this subsection, a person sponsoring a  
38 flea market or a craft, antique, coin, or stamp show  
39 or similar event does not include an organization  
40 which sponsors an event less than three times a year  
41 or a state, county, or district agricultural fair.

42 Sec. 136. NEW SECTION. 423.34 LIABILITY OF USER.

43 Any person who uses any property or services  
44 enumerated in section 423.2 upon which the use tax has  
45 not been paid, either to the county treasurer or to a  
46 retailer or direct to the department as required by  
47 this subchapter, shall be liable for the payment of  
48 tax, and shall on or before the last day of the month  
49 next succeeding each quarterly period pay the use tax  
50 upon all property or services used by the person

**H-1616**

-111-

**H-1616**

Page 112

1 during the preceding quarterly period in the manner  
2 and accompanied by such returns as the director shall  
3 prescribe. All of the provisions of sections 423.32  
4 and 423.33 with reference to the returns and payments  
5 shall be applicable to the returns and payments  
6 required by this section.

7 Sec. 137. NEW SECTION. 423.35 POSTING OF BOND TO  
8 SECURE PAYMENT.

9 The director may, when necessary and advisable in  
10 order to secure the collection of the sales or use  
11 tax, authorize any person subject to either tax, and  
12 any retailer required or authorized to collect those  
13 taxes pursuant to the provisions of section 423.14, to  
14 file with the department a bond, issued by a surety  
15 company authorized to transact business in this state  
16 and approved by the insurance commissioner as to  
17 solvency and responsibility, in an amount as the  
18 director may fix, to secure the payment of any tax,  
19 interest, or penalties due or which may become due  
20 from such person. In lieu of a bond, securities  
21 approved by the director, in an amount which the  
22 director may prescribe, may be deposited with the  
23 department, which securities shall be kept in the  
24 custody of the department and may be sold by the  
25 director at public or private sale, without notice to  
26 the depositor, if it becomes necessary to do so in  
27 order to recover any tax, interest, or penalties due.  
28 Upon the sale, the surplus, if any, above the amounts  
29 due under this chapter shall be returned to the person  
30 who deposited the securities.

31 Sec. 138. NEW SECTION. 423.36 PERMITS REQUIRED  
32 TO COLLECT SALES OR USE TAX -- APPLICATIONS --  
33 REVOCATION.

34 1. A person shall not engage in or transact  
35 business as a retailer making taxable sales of  
36 tangible personal property or furnishing services  
37 within this state or as a retailer making taxable  
38 sales of tangible personal property or furnishing  
39 services for use within this state, unless a permit  
40 has been issued to the retailer under this section,  
41 except as provided in subsection 6. Every person  
42 desiring to engage in or transact business as a  
43 retailer shall file with the department an application  
44 for a permit to collect sales or use tax. Every  
45 application for a sales or use tax permit shall be  
46 made upon a form prescribed by the director and shall  
47 set forth any information the director may require.  
48 The application shall be signed by an owner of the  
49 business if a natural person; in the case of a  
50 retailer which is an association or partnership, by a

**H-1616**

-112-

**H-1616**

Page 113

1 member or partner; and in the case of a retailer which  
2 is a corporation, by an executive officer or some  
3 person specifically authorized by the corporation to  
4 sign the application, to which shall be attached the  
5 written evidence of the person's authority.

6 2. To collect sales or use tax, the applicant must  
7 have a permit for each place of business in the state  
8 of Iowa. The department may deny a permit to an  
9 applicant who is substantially delinquent in paying a  
10 tax due, or the interest or penalty on the tax,  
11 administered by the department at the time of  
12 application. If the applicant is a partnership, a  
13 permit may be denied if a partner is substantially  
14 delinquent in paying any delinquent tax, penalty, or  
15 interest. If the applicant is a corporation, a permit  
16 may be denied if any officer having a substantial  
17 legal or equitable interest in the ownership of the  
18 corporation owes any delinquent tax, penalty, or  
19 interest.

20 3. The department shall grant and issue to each  
21 applicant a permit for each place of business in this  
22 state where sales or use tax is collected. A permit  
23 is not assignable and is valid only for the person in  
24 whose name it is issued and for the transaction of  
25 business at the place designated or at a place of  
26 relocation within the state if the ownership remains  
27 the same.

28 If an applicant is making sales outside Iowa for  
29 use in this state or furnishing services outside Iowa,  
30 the product or result of which will be used in this  
31 state, that applicant shall be issued one use tax  
32 permit by the department applicable to these out-of-  
33 state sales or services.

34 4. Permits issued under this section are valid and  
35 effective until revoked by the department.

36 5. If the holder of a permit fails to comply with  
37 any of the provisions of this subchapter or of  
38 subchapter II or III or any order or rule of the  
39 department adopted under those subchapters or is  
40 substantially delinquent in the payment of a tax  
41 administered by the department or the interest or  
42 penalty on the tax, or if the person is a corporation  
43 and if any officer having a substantial legal or  
44 equitable interest in the ownership of the corporation  
45 owes any delinquent tax of the permit-holding  
46 corporation, or interest or penalty on the tax,  
47 administered by the department, the director may  
48 revoke the permit. The director shall send notice by  
49 mail to a permit holder informing that person of the  
50 director's intent to revoke the permit and of the

**H-1616**

-113-



**H-1616**

Page 114

1 permit holder's right to a hearing on the matter. If  
2 the permit holder petitions the director for a hearing  
3 on the proposed revocation, after giving ten days'  
4 notice of the time and place of the hearing in  
5 accordance with section 17A.18, subsection 3, the  
6 matter may be heard and a decision rendered. The  
7 director may restore permits after revocation. The  
8 director shall adopt rules setting forth the period of  
9 time a retailer must wait before a permit may be  
10 restored or a new permit may be issued. The waiting  
11 period shall not exceed ninety days from the date of  
12 the revocation of the permit.

13 6. Sellers who are not regularly engaged in  
14 selling at retail and do not have a permanent place of  
15 business, but who are temporarily engaged in selling  
16 from trucks, portable roadside stands, concessionaires  
17 at state, county, district, or local fairs, carnivals,  
18 or the like, shall report and remit the sales tax on a  
19 temporary basis, under rules the director shall  
20 provide for the efficient collection of the sales tax.  
21 This subsection applies to sellers who are temporarily  
22 engaged in furnishing services.

23 Persons engaged in selling tangible personal  
24 property or furnishing services shall not be required  
25 to obtain or retain a sales tax permit for a place of  
26 business at which taxable sales of tangible personal  
27 property or taxable performance of services will not  
28 occur.

29 7. The provisions of subsection 1, dealing with  
30 the lawful right of a retailer to transact business,  
31 as applicable, apply to persons having receipts from  
32 furnishing services enumerated in section 423.2,  
33 except that a person holding a permit pursuant to  
34 subsection 1 shall not be required to obtain any  
35 separate sales tax permit for the purpose of engaging  
36 in business involving the services.

37 8. a. Except as provided in paragraph "b",  
38 purchasers, users, and consumers of tangible personal  
39 property or enumerated services taxed pursuant to  
40 subchapter II or III of this chapter or chapters 423B  
41 and 423E may be authorized, pursuant to rules adopted  
42 by the director, to remit tax owed directly to the  
43 department instead of the tax being collected and paid  
44 by the seller. To qualify for a direct pay tax  
45 permit, the purchaser, user, or consumer must accrue a  
46 tax liability of more than four thousand dollars in  
47 tax under subchapters II and III in a semimonthly  
48 period and make deposits and file returns pursuant to  
49 section 423.31. This authority shall not be granted  
50 or exercised except upon application to the director

**H-1616**

-114-

**H-1616**

Page 115

1 and then only after issuance by the director of a  
2 direct pay tax permit.

3 b. The granting of a direct pay tax permit is not  
4 authorized for any of the following:

5 (1) Taxes imposed on the sales, furnishing, or  
6 service of gas, electricity, water, heat, pay  
7 television service, and communication service.

8 (2) Taxes imposed under sections 423.26 and 423.27  
9 and chapter 423C.

10 Sec. 139. NEW SECTION. 423.37 FAILURE TO FILE  
11 SALES OR USE TAX RETURNS -- INCORRECT RETURNS.

12 1. As soon as practicable after a return is filed  
13 and in any event within three years after the return  
14 is filed, the department shall examine it, assess and  
15 determine the tax due if the return is found to be  
16 incorrect, and give notice to the person liable for  
17 the tax of the assessment and determination as  
18 provided in subsection 2. The period for the  
19 examination and determination of the correct amount of  
20 tax is unlimited in the case of a false or fraudulent  
21 return made with the intent to evade tax or in the  
22 case of a failure to file a return.

23 2. If a return required by this subchapter is not  
24 filed, or if a return when filed is incorrect or  
25 insufficient and the maker fails to file a corrected  
26 or sufficient return within twenty days after the same  
27 is required by notice from the department, the  
28 department shall determine the amount of tax due from  
29 information as the department may be able to obtain  
30 and, if necessary, may estimate the tax on the basis  
31 of external indices, such as number of employees of  
32 the person concerned, rentals paid by the person,  
33 stock on hand, or other factors. The department shall  
34 give notice of the determination to the person liable  
35 for the tax. The determination shall fix the tax  
36 unless the person against whom it is assessed shall,  
37 within sixty days after the giving of notice of the  
38 determination, apply to the director for a hearing or  
39 unless the taxpayer contests the determination by  
40 paying the tax, interest, and penalty and timely  
41 filing a claim for refund. At the hearing evidence  
42 may be offered to support the determination or to  
43 prove that it is incorrect. After the hearing the  
44 director shall give notice of the decision to the  
45 person liable for the tax.

46 3. The three-year period of limitation provided in  
47 subsection 1 may be extended by a taxpayer by signing  
48 a waiver agreement form to be provided by the  
49 department. The agreement shall stipulate the period  
50 of extension and the tax period to which the extension

**H-1616**

**H-1616**

Page 116

1 applies. The agreement shall also provide that a  
2 claim for refund may be filed by the taxpayer at any  
3 time during the period of extension.

4 Sec. 140. NEW SECTION. 423.38 JUDICIAL REVIEW.

5 1. Judicial review of actions of the director may  
6 be sought in accordance with the terms of the Iowa  
7 administrative procedure Act.

8 2. For cause and upon a showing by the director  
9 that collection of the tax in dispute is in doubt, the  
10 court may order the petitioner to file with the clerk  
11 a bond for the use of the respondent, with sureties  
12 approved by the clerk, in the amount of tax appealed  
13 from, conditioned that the petitioner shall perform  
14 the orders of the court.

15 3. An appeal may be taken by the taxpayer or the  
16 director to the supreme court of this state  
17 irrespective of the amount involved.

18 Sec. 141. NEW SECTION. 423.39 SERVICE OF  
19 NOTICES.

20 1. A notice authorized or required under this  
21 subchapter may be given by mailing the notice to the  
22 person for whom it is intended, addressed to that  
23 person at the address given in the last return filed  
24 by the person pursuant to this subchapter, or if no  
25 return has been filed, then to any address obtainable.  
26 The mailing of the notice is presumptive evidence of  
27 the receipt of the notice by the person to whom  
28 addressed. Any period of time which is determined  
29 according to this subchapter by the giving of notice  
30 commences to run from the date of mailing of the  
31 notice.

32 2. The provisions of the Code relative to the  
33 limitation of time for the enforcement of a civil  
34 remedy shall not apply to any proceeding or action  
35 taken to levy, appraise, assess, determine, or enforce  
36 the collection of any tax or penalty provided by this  
37 chapter.

38 Sec. 142. NEW SECTION. 423.40 PENALTIES --  
39 OFFENSES -- LIMITATION.

40 1. In addition to the sales or use tax or  
41 additional sales or use tax, the taxpayer shall pay a  
42 penalty as provided in section 421.27. The taxpayer  
43 shall also pay interest on the sales or use tax or  
44 additional sales or use tax at the rate in effect  
45 under section 421.7 for each month counting each  
46 fraction of a month as an entire month, computed from  
47 the date the semimonthly or monthly tax deposit form  
48 or return was required to be filed. The penalty and  
49 interest shall be paid to the department and disposed  
50 of in the same manner as other receipts under this

**H-1616**

-116-

**H-1616**

Page 117

1 subchapter. Unpaid penalties and interest may be  
2 enforced in the same manner as the taxes imposed by  
3 this chapter.

4 2. a. Any person who knowingly sells tangible  
5 personal property, tickets or admissions to places of  
6 amusement and athletic events, or gas, water,  
7 electricity, or communication service at retail, or  
8 engages in the furnishing of services enumerated in  
9 section 423.2, in this state without procuring a  
10 permit to collect tax, as provided in section 423.36,  
11 or who violates section 423.24 and the officers of any  
12 corporation who so act are guilty of a serious  
13 misdemeanor.

14 b. A person who knowingly sells tangible personal  
15 property, tickets or admissions to places of amusement  
16 and athletic events, or gas, water, electricity, or  
17 communication service at retail, or engages in the  
18 furnishing of services enumerated in section 423.2, in  
19 this state after the person's sales tax permit has  
20 been revoked and before it has been restored as  
21 provided in section 423.36, subsection 5, and the  
22 officers of any corporation who so act are guilty of  
23 an aggravated misdemeanor.

24 3. A person who willfully attempts in any manner  
25 to evade any tax imposed by this chapter or the  
26 payment of the tax or a person who makes or causes to  
27 be made a false or fraudulent semimonthly or monthly  
28 tax deposit form or return with intent to evade any  
29 tax imposed by subchapter II or III or the payment of  
30 the tax is guilty of a class "D" felony.

31 4. The certificate of the director to the effect  
32 that a tax has not been paid, that a return has not  
33 been filed, or that information has not been supplied  
34 pursuant to the provisions of this subchapter shall be  
35 prima facie evidence thereof.

36 5. A person required to pay sales or use tax, or  
37 to make, sign, or file a tax deposit form or return or  
38 supplemental return, who willfully makes a false or  
39 fraudulent tax deposit form or return, or willfully  
40 fails to pay at least ninety percent of the tax or  
41 willfully fails to make, sign, or file the tax deposit  
42 form or return, at the time required by law, is guilty  
43 of a fraudulent practice.

44 6. A prosecution for an offense specified in this  
45 section shall be commenced within six years after its  
46 commission.

47 Sec. 143. NEW SECTION. 423.41 BOOKS --  
48 EXAMINATION.

49 Every retailer required or authorized to collect  
50 taxes imposed by this chapter and every person using

**H-1616**

-117-

**H-1616**

Page 118

1 in this state tangible personal property, services, or  
2 the product of services shall keep records, receipts,  
3 invoices, and other pertinent papers as the director  
4 shall require, in the form that the director shall  
5 require, for as long as the director has the authority  
6 to examine and determine tax due. The director or any  
7 duly authorized agent of the department may examine  
8 the books, papers, records, and equipment of any  
9 person either selling tangible personal property or  
10 services or liable for the tax imposed by this  
11 chapter, and investigate the character of the business  
12 of any person in order to verify the accuracy of any  
13 return made, or if a return was not made by the  
14 person, ascertain and determine the amount due under  
15 this chapter. These books, papers, and records shall  
16 be made available within this state for examination  
17 upon reasonable notice when the director deems it  
18 advisable and so orders. The preceding requirements  
19 shall likewise apply to users and persons furnishing  
20 services enumerated in section 423.2.

21 Sec. 144. NEW SECTION. 423.42 STATUTES  
22 APPLICABLE.

23 1. The director shall administer the taxes imposed  
24 by subchapters II and III in the same manner and  
25 subject to all the provisions of, and all of the  
26 powers, duties, authority, and restrictions contained  
27 in, section 422.25, subsection 4, section 422.30, and  
28 sections 422.67 through 422.75.

29 2. All the provisions of section 422.26 shall  
30 apply in respect to the taxes and penalties imposed by  
31 subchapters II and III and this subchapter, except  
32 that, as applied to any tax imposed by subchapters II  
33 and III, the lien provided in section 422.26 shall be  
34 prior and paramount over all subsequent liens upon any  
35 personal property within this state, or right to such  
36 personal property, belonging to the taxpayer without  
37 the necessity of recording as provided in section  
38 422.26. The requirements for recording shall, as  
39 applied to the taxes imposed by subchapters II and  
40 III, apply only to the liens upon real property. When  
41 requested to do so by any person from whom a taxpayer  
42 is seeking credit, or with whom the taxpayer is  
43 negotiating the sale of any personal property, or by  
44 any other person having a legitimate interest in such  
45 information, the director shall, upon being satisfied  
46 that such a situation exists, inform that person as to  
47 the amount of unpaid taxes due by such taxpayer under  
48 the provisions of subchapters II and III. The giving  
49 of this information under these circumstances shall  
50 not be deemed a violation of section 422.72 as applied

**H-1616**

-118-

**H-1616**

Page 119

1 to subchapters II and III.

2 Sec. 145. NEW SECTION. 423.43 DEPOSIT OF REVENUE

3 -- APPROPRIATIONS.

4 Except as otherwise provided in section 312.2,  
5 subsection 15, all revenues derived from the use tax  
6 on motor vehicles, trailers, and motor vehicle  
7 accessories and equipment as collected pursuant to  
8 sections 423.26 and 423.27 shall be deposited and  
9 credited to the road use tax fund and shall be used  
10 exclusively for the construction, maintenance, and  
11 supervision of public highways.

12 1. Notwithstanding any provision of this section  
13 which provides that all revenues derived from the use  
14 tax on motor vehicles, trailers, and motor vehicle  
15 accessories and equipment as collected pursuant to  
16 sections 423.26 and 423.27 shall be deposited and  
17 credited to the road use tax fund, eighty percent of  
18 the revenues shall be deposited and credited as  
19 follows:

20 a. Twenty-five percent of all such revenue, up to  
21 a maximum of four million two hundred fifty thousand  
22 dollars per quarter, shall be deposited into and  
23 credited to the Iowa comprehensive petroleum  
24 underground storage tank fund created in section  
25 455G.3, and the moneys so deposited are a continuing  
26 appropriation for expenditure under chapter 455G, and  
27 moneys so appropriated shall not be used for other  
28 purposes.

29 b. Any such revenues remaining shall be credited  
30 to the road use tax fund.

31 2. Notwithstanding any other provision of this  
32 section that provides that all revenue derived from  
33 the use tax on motor vehicles, trailers, and motor  
34 vehicle accessories and equipment as collected  
35 pursuant to section 423.26 shall be deposited and  
36 credited to the road use tax fund, twenty percent of  
37 the revenues shall be credited and deposited as  
38 follows: one-half to the road use tax fund and one-  
39 half to the primary road fund to be used for the  
40 commercial and industrial highway network.

41 3. All other revenue arising under the operation  
42 of this chapter shall be credited to the general fund  
43 of the state.

44 Sec. 146. NEW SECTION. 423.44 REIMBURSEMENT FOR  
45 PRIMARY ROAD FUND.

46 From moneys deposited into the road use tax fund,  
47 the department may credit to the primary road fund any  
48 amount of revenues derived from the use tax on motor  
49 vehicles, trailers, and motor vehicle accessories and  
50 equipment as collected pursuant to sections 423.26 and

**H-1616**

-119-

**H-1616**

Page 120

1 423.27 to the extent necessary to reimburse that fund  
2 for the expenditures not otherwise eligible to be made  
3 from the primary road fund, which are made for  
4 repairing, improving, and maintaining bridges over the  
5 rivers bordering the state. Expenditures for those  
6 portions of bridges within adjacent states may be  
7 included when they are made pursuant to an agreement  
8 entered into under section 313.63, 313A.34, or 314.10.

9 Sec. 147. NEW SECTION. 423.45 REFUNDS --  
10 EXEMPTION CERTIFICATES.

11 1. If an amount of tax represented by a retailer  
12 to a consumer or user as constituting tax due is  
13 computed upon a sales price that is not taxable or the  
14 amount represented is in excess of the actual taxable  
15 amount and the amount represented is actually paid by  
16 the consumer or user to the retailer, the excess  
17 amount of tax paid shall be returned to the consumer  
18 or user upon notification to the retailer by the  
19 department that an excess payment exists.

20 2. If an amount of tax represented by a retailer  
21 to a consumer or user as constituting tax due is  
22 computed upon a sales price that is not taxable or the  
23 amount represented is in excess of the actual taxable  
24 amount and the amount represented is actually paid by  
25 the consumer or user to the retailer, the excess  
26 amount of tax paid shall be returned to the consumer  
27 or user upon proper notification to the retailer by  
28 the consumer or user that an excess payment exists.  
29 "Proper" notification is written notification which  
30 allows a retailer at least sixty days to respond and  
31 which contains enough information to allow a retailer  
32 to determine the validity of a consumer's or user's  
33 claim that an excess amount of tax has been paid. No  
34 cause of action shall accrue against a retailer for  
35 excess tax paid until sixty days after proper notice  
36 has been given the retailer by the consumer or user.

37 3. In the circumstances described in subsections 1  
38 and 2, a retailer has the option to either return any  
39 excess amount of tax paid to a consumer or user, or to  
40 remit the amount which a consumer or user has paid to  
41 the retailer to the department.

42 4. a. The department shall issue or the seller  
43 may separately provide exemption certificates in the  
44 form prescribed by the director, including  
45 certificates not made of paper, which conform to the  
46 requirements of paragraph "c", to assist retailers in  
47 properly accounting for nontaxable sales of tangible  
48 personal property or services to purchasers for a  
49 nontaxable purpose. The department shall also allow  
50 the use of exemption certificates for those

**H-1616**

-120-

**H-1616**

Page 121

1 circumstances in which a sale is taxable but the  
2 seller is not obligated to collect tax from the buyer.  
3 b. The sales tax liability for all sales of  
4 tangible personal property and all sales of services  
5 is upon the seller and the purchaser unless the seller  
6 takes in good faith from the purchaser a valid  
7 exemption certificate stating under penalty of perjury  
8 that the purchase is for a nontaxable purpose and is  
9 not a retail sale as defined in section 423.1, or the  
10 seller is not obligated to collect tax due, or unless  
11 the seller takes a fuel exemption certificate pursuant  
12 to subsection 5. If the tangible personal property or  
13 services are purchased tax free pursuant to a valid  
14 exemption certificate which is taken in good faith by  
15 the seller, and the tangible personal property or  
16 services are used or disposed of by the purchaser in a  
17 nonexempt manner, the purchaser is solely liable for  
18 the taxes and shall remit the taxes directly to the  
19 department and sections 423.31, 423.32, 423.37,  
20 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
21 to the purchaser.

22 c. A valid exemption certificate is an exemption  
23 certificate which is complete and correct according to  
24 the requirements of the director.

25 d. A valid exemption certificate is taken in good  
26 faith by the seller when the seller has exercised that  
27 caution and diligence which honest persons of ordinary  
28 prudence would exercise in handling their own business  
29 affairs, and includes an honesty of intention and  
30 freedom from knowledge of circumstances which ought to  
31 put one upon inquiry as to the facts. In order for a  
32 seller to take a valid exemption certificate in good  
33 faith, the seller must exercise reasonable prudence to  
34 determine the facts supporting the valid exemption  
35 certificate, and if any facts upon such certificate  
36 would lead a reasonable person to further inquiry,  
37 such inquiry must be made with an honest intent to  
38 discover the facts.

39 e. If the circumstances change and as a result the  
40 tangible personal property or services are used or  
41 disposed of by the purchaser in a nonexempt manner or  
42 the purchaser becomes obligated to pay the tax, the  
43 purchaser is liable solely for the taxes and shall  
44 remit the taxes directly to the department in  
45 accordance with this subsection.

46 5. a. The department shall issue or the seller  
47 may separately provide fuel exemption certificates in  
48 the form prescribed by the director.

49 b. For purposes of this subsection:

50 (1) "Fuel" includes gas, electricity, water, heat,

**H-1616**



**H-1616**

Page 122

1 steam, and any other tangible personal property  
2 consumed in creating heat, power, or steam.

3 (2) "Fuel consumed in processing" means fuel used  
4 or consumed for processing including grain drying, for  
5 providing heat or cooling for livestock buildings or  
6 for greenhouses or buildings or parts of buildings  
7 dedicated to the production of flowering, ornamental,  
8 or vegetable plants intended for sale in the ordinary  
9 course of business, for use in aquaculture production,  
10 or for generating electric current, or in implements  
11 of husbandry engaged in agricultural production.

12 (3) "Fuel exemption certificate" means an  
13 exemption certificate given by the purchaser under  
14 penalty of perjury to assist retailers in properly  
15 accounting for nontaxable sales of fuel consumed in  
16 processing.

17 (4) "Substantial change" means a change in the use  
18 or disposition of tangible personal property and  
19 services by the purchaser such that the purchaser pays  
20 less than ninety percent of the purchaser's actual  
21 sales tax liability. A change includes a misstatement  
22 of facts in an application made pursuant to paragraph  
23 "d" or in a fuel exemption certificate.

24 c. The seller may accept a completed fuel  
25 exemption certificate, as prepared by the purchaser,  
26 for three years unless the purchaser files a new  
27 completed exemption certificate. If the fuel is  
28 purchased tax free pursuant to a fuel exemption  
29 certificate which is taken by the seller, and the fuel  
30 is used or disposed of by the purchaser in a nonexempt  
31 manner, the purchaser is solely liable for the taxes,  
32 and shall remit the taxes directly to the department  
33 and sections 423.31, 423.32, 423.37, 423.38, 423.39,  
34 423.40, 423.41, and 423.42 shall apply to the  
35 purchaser.

36 d. The purchaser may apply to the department for  
37 its review of the fuel exemption certificate. In this  
38 event, the department shall review the fuel exemption  
39 certificate within twelve months from the date of  
40 application and determine the correct amount of the  
41 exemption. If the amount determined by the department  
42 is different than the amount that the purchaser claims  
43 is exempt, the department shall promptly notify the  
44 purchaser of the determination. Failure of the  
45 department to make a determination within twelve  
46 months from the date of application shall constitute a  
47 determination that the fuel exemption certificate is  
48 correct as submitted. A determination of exemption by  
49 the department is final unless the purchaser appeals  
50 to the director for a revision of the determination

**H-1616**

**H-1616**

Page 123

1 within sixty days after the date of the notice of  
2 determination. The director shall grant a hearing,  
3 and upon the hearing, the director shall determine the  
4 correct exemption and notify the purchaser of the  
5 decision by mail. The decision of the director is  
6 final unless the purchaser seeks judicial review of  
7 the director's decision under section 423.38 within  
8 sixty days after the date of the notice of the  
9 director's decision. Unless there is a substantial  
10 change, the department shall not impose penalties  
11 pursuant to section 423.40 both retroactively to  
12 purchases made after the date of application and  
13 prospectively until the department gives notice to the  
14 purchaser that a tax or additional tax is due, for  
15 failure to remit any tax due which is in excess of a  
16 determination made under this section. A  
17 determination made by the department pursuant to this  
18 subsection does not constitute an audit for purposes  
19 of section 423.37.

20 e. If the circumstances change and the fuel is  
21 used or disposed of by the purchaser in a nonexempt  
22 manner, the purchaser is solely liable for the taxes  
23 and shall remit the taxes directly to the department  
24 in accordance with paragraph "c".

25 f. The purchaser shall attach documentation to the  
26 fuel exemption certificate which is reasonably  
27 necessary to support the exemption for fuel consumed  
28 in processing. If the purchaser files a new exemption  
29 certificate with the seller, documentation shall not  
30 be required if the purchaser previously furnished the  
31 seller with this documentation and substantial change  
32 has not occurred since that documentation was  
33 furnished or if fuel consumed in processing is  
34 separately metered and billed by the seller.

35 6. Nothing in this section authorizes any cause of  
36 action by any person to recover sales or use taxes  
37 directly from the state or extends any person's time  
38 to seek a refund of sales or use taxes which have been  
39 collected and remitted to the state.

40 Sec. 148. NEW SECTION. 423.46 RATE AND BASE  
41 CHANGES.

42 The department shall make a reasonable effort to  
43 provide sellers with as much advance notice as  
44 practicable of a rate change and to notify sellers of  
45 legislative changes in the tax base and amendments to  
46 sales and use tax rules. Failure of a seller to  
47 receive notice or failure of this state to provide  
48 notice or limit the effective date of a rate change  
49 shall not relieve the seller of its obligation to  
50 collect sales or use taxes for this state.

**H-1616**

-123-

**H-1616**

Page 124

1 Sec. 149. NEW SECTION. 423.47 REFUNDS AND  
2 CREDITS.

3 If it shall appear that, as a result of mistake, an  
4 amount of tax, penalty, or interest has been paid  
5 which was not due under the provisions of this  
6 chapter, such amount shall be credited against any tax  
7 due, or to become due, on the books of the department  
8 from the person who made the erroneous payment, or  
9 such amount shall be refunded to such person by the  
10 department. A claim for refund or credit that has not  
11 been filed with the department within three years  
12 after the tax payment for which a refund or credit is  
13 claimed became due, or one year after such tax payment  
14 was made, whichever time is the later, shall not be  
15 allowed by the director.

## SUBCHAPTER VI

SALES AND USE TAX ACT -- ADMINISTRATION OF  
RETAILERS REGISTERED VOLUNTARILY UNDER THE  
AGREEMENT

20 Sec. 150. NEW SECTION. 423.48 RESPONSIBILITIES  
21 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

22 1. By registering under the agreement, the seller  
23 agrees to collect and remit sales and use taxes for  
24 all its taxable Iowa sales. Iowa's withdrawal from  
25 the agreement or revocation of its membership in the  
26 agreement shall not relieve a seller from its  
27 responsibility to remit taxes previously collected on  
28 behalf of this state.

29 2. The following provisions apply to any seller  
30 who registers under the agreement:

31 a. The seller may register on-line.

32 b. Registration under the agreement and the  
33 collection of Iowa sales and use taxes shall not be  
34 used as factors in determining whether the seller has  
35 nexus with Iowa for any tax.

36 c. If registered under the agreement with any  
37 other member state, the seller is considered to be  
38 registered in Iowa.

39 d. The seller is not required to pay registration  
40 fees or other charges.

41 e. A written signature from the seller is not  
42 required.

43 f. The seller may register by way of an agent.  
44 The agent's appointment shall be in writing and  
45 submitted to the department if requested by the  
46 department.

47 g. The seller may cancel its registration at any  
48 time under procedures adopted by the governing board  
49 established pursuant to the agreement. Cancellation  
50 does not relieve the seller of its liability for

**H-1616**

-124-

**H-1616**

Page 125

1 remitting any Iowa taxes collected.

2 3. The following additional responsibilities and  
3 rights apply to model sellers:

4 a. A model 1 seller's obligation to calculate,  
5 collect, and remit sales and use taxes shall be  
6 performed by its certified service provider, except  
7 for the seller's obligation to remit tax on its own  
8 purchases. As the seller's agent, the certified  
9 service provider is liable for its model 1 seller's  
10 sales and use tax due Iowa on all sales transactions  
11 it processes for the seller except as set out in this  
12 section. A seller that contracts with a certified  
13 service provider is not liable to the state for sales  
14 or use tax due on transactions processed by the  
15 certified service provider unless the seller  
16 misrepresents the types of items or services it sells  
17 or commits fraud. In the absence of probable cause to  
18 believe that the seller has committed fraud or made a  
19 material misrepresentation, the seller is not subject  
20 to audit on the transactions processed by the  
21 certified service provider. A model 1 seller is  
22 subject to audit for transactions not processed by the  
23 certified service provider. The director is  
24 authorized to perform a system check of the model 1  
25 seller and review the seller's procedures to determine  
26 if the certified service provider's system is  
27 functioning properly and the extent to which the  
28 seller's transactions are being processed by the  
29 certified service provider.

30 b. A model 2 seller shall calculate the amount of  
31 tax due on a transaction by the use of a certified  
32 automated system, but shall collect and remit tax on  
33 its own sales. A person that provides a certified  
34 automated system is responsible for the proper  
35 functioning of that system and is liable to this state  
36 for underpayments of tax attributable to errors in the  
37 functioning of the certified automated system. A  
38 seller that uses a certified automated system remains  
39 responsible and is liable to the state for reporting  
40 and remitting tax.

41 c. A model 3 seller shall use its own proprietary  
42 automated system to calculate tax due and collect and  
43 remit tax on its own sales. A model 3 seller is  
44 liable for the failure of its proprietary automated  
45 system to meet the applicable performance standard.

46 Sec. 151. NEW SECTION. 423.49 RETURNS.

47 1. All model 1, 2, or 3 sellers are subject to all  
48 of the following return requirements:

49 a. The seller is required to file only one return  
50 per month for this state and for all taxing

**H-1616**

**H-1616**

Page 126

1 jurisdictions within this state.

2 b. The date for filing returns shall be determined  
3 under rules adopted by the director. However, in no  
4 case shall the return be due earlier than the  
5 twentieth day of the following month.

6 c. The director shall request additional  
7 information returns. These returns shall not be  
8 required more frequently than every six months.

9 2. Any registered seller which does not have a  
10 legal obligation to register in this state and is not  
11 a model 1, 2, or 3 seller is subject to all of the  
12 following return requirements:

13 a. The seller is required to file a return within  
14 one year of the month of initial registration and  
15 shall file a return on an annual basis in succeeding  
16 years.

17 b. In addition to the return required in paragraph  
18 "a", if the seller accumulates more than one thousand  
19 dollars in total state and local tax, the seller is  
20 required to file a return in the following month.

21 c. The format of the return and the due date of  
22 the initial return and the annual return shall be  
23 determined under rules adopted by the department.

24 Sec. 152. NEW SECTION. 423.50 REMITTANCE OF  
25 FUNDS.

26 1. Only one remittance of tax per return is  
27 required except as provided in this subsection.  
28 Sellers that collect more than thirty thousand dollars  
29 in sales and use taxes for this state during the  
30 preceding calendar year shall be required to make  
31 additional remittances as required under rules adopted  
32 by the director. The filing of a return is not  
33 required with an additional remittance.

34 2. All remittances shall be remitted  
35 electronically.

36 3. Electronic payments may be made either by  
37 automated clearinghouse credit or automated  
38 clearinghouse debit. Any data accompanying a  
39 remittance must be formatted using uniform tax type  
40 and payment codes approved by the governing board  
41 established pursuant to the agreement. An alternative  
42 method for making same-day payments shall be  
43 determined under rules adopted by the director.

44 4. If a due date falls on a legal banking holiday  
45 in this state, the taxes are due on the succeeding  
46 business day.

47 Sec. 153. NEW SECTION. 423.51 ADMINISTRATION OF  
48 EXEMPTIONS.

49 1. The following provisions shall apply when a  
50 purchaser claims an exemption:

**H-1616**

-126-

**H-1616**

Page 127

1 a. The seller shall obtain identifying information  
2 of the purchaser and the reason for claiming a tax  
3 exemption at the time of the purchase as determined by  
4 the member states acting jointly.

5 b. A purchaser is not required to provide a  
6 signature to claim an exemption from tax unless a  
7 paper certificate is used.

8 c. The seller shall use the standard form for  
9 claiming an exemption electronically as adopted  
10 jointly by the member states.

11 d. The seller shall obtain the same information  
12 for proof of a claimed exemption regardless of the  
13 medium in which the transaction occurred.

14 e. The department may authorize a system wherein  
15 the purchaser exempt from the payment of the tax is  
16 issued an identification number which shall be  
17 presented to the seller at the time of the sale.

18 f. The seller shall maintain proper records of  
19 exempt transactions and provide them to the department  
20 when requested.

21 g. The department shall administer entity-based  
22 and use-based exemptions when practicable through a  
23 direct pay tax permit, an exemption certificate, or  
24 another means that does not burden sellers. For the  
25 purposes of this paragraph:

26 (1) An "entity-based exemption" is an exemption  
27 based on who purchases the product or who sells the  
28 product.

29 (2) A "use-based exemption" is an exemption based  
30 on the purchaser's use of the product.

31 2. Sellers that follow the requirements of this  
32 section are relieved from any tax otherwise applicable  
33 if it is determined that the purchaser improperly  
34 claimed an exemption and that the purchaser is liable  
35 for the nonpayment of tax. This relief from liability  
36 does not apply to a seller who fraudulently fails to  
37 collect the tax or solicits purchasers to participate  
38 in the unlawful claim of an exemption.

39 Sec. 154. NEW SECTION. 423.52 RELIEF FROM  
40 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

41 Sellers and certified service providers are  
42 relieved from liability to this state or its local  
43 taxing jurisdictions for having charged and collected  
44 the incorrect amount of sales or use tax resulting  
45 from the seller or certified service provider relying  
46 on erroneous data provided by this state on tax rates,  
47 boundaries, or taxing jurisdiction assignments. If  
48 this state provides an address-based system for  
49 assigning taxing jurisdictions whether or not pursuant  
50 to the federal Mobile Telecommunications Sourcing Act,

**H-1616**

-127-

**H-1616**

Page 128

1 the director is not required to provide liability  
2 relief for errors resulting from reliance on the  
3 information provided by this state.

4 Sec. 155. NEW SECTION. 423.53 BAD DEBTS AND  
5 MODEL 1 SELLERS.

6 A certified service provider may claim, on behalf  
7 of a model 1 seller, any bad debt deduction as  
8 provided in section 423.21. The certified service  
9 provider must credit or refund the full amount of any  
10 bad debt deduction or refund received to the seller.

11 Sec. 156. NEW SECTION. 423.54 AMNESTY FOR  
12 REGISTERED SELLERS.

13 1. Subject to the limitations in subsections 2  
14 through 6, the following provisions apply:

15 a. Amnesty is provided for uncollected or unpaid  
16 sales or use tax to a seller who registers to pay or  
17 to collect and remit applicable sales or use tax on  
18 sales made to purchasers in this state in accordance  
19 with the terms of the agreement, provided the seller  
20 was not so registered in this state in the twelve-  
21 month period preceding the commencement of Iowa's  
22 participation in the agreement.

23 b. Amnesty precludes assessment of the seller for  
24 uncollected or unpaid sales or use tax together with  
25 penalty or interest for sales made during the period  
26 the seller was not registered in this state, provided  
27 registration occurs within twelve months of the  
28 commencement of Iowa's participation in the agreement.

29 c. Amnesty shall be provided to any seller  
30 lawfully registered under the agreement by any other  
31 member state prior to the date of the commencement of  
32 Iowa's participation in the agreement.

33 2. Amnesty is not available to a seller with  
34 respect to any matter or matters for which the seller  
35 received notice of the commencement of an audit and  
36 which audit is not yet finally resolved, including any  
37 related administrative and judicial processes.

38 3. Amnesty is not available for sales or use taxes  
39 already paid or remitted or to taxes collected by the  
40 seller.

41 4. Amnesty is fully effective absent the seller's  
42 fraud or intentional misrepresentation of a material  
43 fact as long as the seller continues registration and  
44 continues payment or collection and remittance of  
45 applicable sales or use taxes for a period of at least  
46 thirty-six months. The statute of limitations  
47 applicable to asserting a tax liability is tolled  
48 during this thirty-six month period.

49 5. Amnesty is applicable only to sales or use  
50 taxes due from a seller in its capacity as a seller

**H-1616**

-128-

**H-1616**

Page 129

1 and not to sales or use taxes due from a seller in its  
2 capacity as a buyer.

3 6. The director may allow amnesty on terms and  
4 conditions more favorable to a seller than the terms  
5 required by this section.

6 Sec. 157. NEW SECTION. 423.55 DATABASES.

7 The department shall provide and maintain databases  
8 required by the agreement for the benefit of sellers  
9 registered under the agreement.

10 Sec. 158. NEW SECTION. 423.56 CONFIDENTIALITY  
11 AND PRIVACY PROTECTIONS UNDER MODEL 1.

12 1. As used in this section:

13 a. "Anonymous data" means information that does  
14 not identify a person.

15 b. "Confidential taxpayer information" means all  
16 information that is protected under this state's laws,  
17 rules, and privileges.

18 c. "Personally identifiable information" means  
19 information that identifies a person.

20 2. With very limited exceptions, a certified  
21 service provider shall perform its tax calculation,  
22 remittance, and reporting functions without retaining  
23 the personally identifiable information of consumers.

24 3. A certified service provider may perform its  
25 services in this state only if the certified service  
26 provider certifies that:

27 a. Its system has been designed and tested to  
28 ensure that the fundamental precept of anonymity is  
29 respected.

30 b. Personally identifiable information is only  
31 used and retained to the extent necessary for the  
32 administration of model 1 sellers with respect to  
33 exempt purchasers.

34 c. It provides consumers clear and conspicuous  
35 notice of its information practices, including what  
36 information it collects, how it collects the  
37 information, how it uses the information, how long, if  
38 at all, it retains the information, and whether it  
39 discloses the information to member states. This  
40 notice shall be satisfied by a written privacy policy  
41 statement accessible by the public on the official web  
42 site of the certified service provider.

43 d. Its collection, use, and retention of  
44 personally identifiable information is limited to that  
45 required by the member states to ensure the validity  
46 of exemptions from taxation that are claimed by reason  
47 of a consumer's status or the intended use of the  
48 goods or services purchased.

49 e. It provides adequate technical, physical, and  
50 administrative safeguards so as to protect personally

**H-1616**

-129-



**H-1616**

Page 130

1 identifiable information from unauthorized access and  
2 disclosure.

3 4. The department shall provide public  
4 notification of its practices relating to the  
5 collection, use, and retention of personally  
6 identifiable information.

7 5. When any personally identifiable information  
8 that has been collected and retained by the department  
9 or certified service provider is no longer required  
10 for the purposes set forth in subsection 3, paragraph  
11 "d", that information shall no longer be retained by  
12 the department or certified service provider.

13 6. When personally identifiable information  
14 regarding an individual is retained by or on behalf of  
15 this state, this state shall provide reasonable access  
16 by such individual to his or her own information in  
17 the state's possession and a right to correct any  
18 inaccurately recorded information.

19 7. This privacy policy is subject to enforcement  
20 by the department and the attorney general.

21 8. This state's laws and rules regarding the  
22 collection, use, and maintenance of confidential  
23 taxpayer information remain fully applicable and  
24 binding. Without limitation, the agreement does not  
25 enlarge or limit the state's or department's authority  
26 to:

27 a. Conduct audits or other review as provided  
28 under the agreement and state law.

29 b. Provide records pursuant to its examination of  
30 public records law, disclosure laws of individual  
31 governmental agencies, or other regulations.

32 c. Prevent, consistent with state law, disclosures  
33 of confidential taxpayer information.

34 d. Prevent, consistent with federal law,  
35 disclosures or misuse of federal return information  
36 obtained under a disclosure agreement with the  
37 internal revenue service.

38 e. Collect, disclose, disseminate, or otherwise  
39 use anonymous data for governmental purposes.

40 9. This privacy policy does not preclude the  
41 certification of a certified service provider whose  
42 privacy policy is more protective of confidential  
43 taxpayer information or personally identifiable  
44 information than is required by the agreement.

45 Sec. 159. NEW SECTION. 423.57 STATUTES  
46 APPLICABLE.

47 The director shall administer this subchapter as it  
48 relates to the taxes imposed in this chapter in the  
49 same manner and subject to all the provisions of, and  
50 all of the powers, duties, authority, and restrictions

**H-1616**

-130-

**H-1616**

Page 131

1 contained in sections 423.14, 423.15, 423.16, 423.17,  
2 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
3 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
4 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
5 423.40, 423.41, and 423.42, section 423.43, subsection  
6 3, and sections 423.45, 423.46, and 423.47.

7 Sec. 160.

8 1. Sections 422.42 through 422.59, Code 2003, are  
9 repealed.

10 2. Chapter 423, Code 2003, is repealed.

11 COORDINATING AMENDMENTS

12 Sec. 161. Section 15.331A, Code 2003, is amended  
13 to read as follows:

14 15.331A SALES, SERVICES, AND USE TAX REFUND --  
15 CONTRACTOR OR SUBCONTRACTOR.

16 The eligible business or a supporting business  
17 shall be entitled to a refund of the sales and use  
18 taxes paid under ~~chapters 422 and~~ chapter 423 for gas,  
19 electricity, water, or sewer utility services, goods,  
20 wares, or merchandise, or on services rendered,  
21 furnished, or performed to or for a contractor or  
22 subcontractor and used in the fulfillment of a written  
23 contract relating to the construction or equipping of  
24 a facility within the economic development area of the  
25 eligible business or a supporting business. Taxes  
26 attributable to intangible property and furniture and  
27 furnishings shall not be refunded.

28 To receive the refund a claim shall be filed by the  
29 eligible business or a supporting business with the  
30 department of revenue and finance as follows:

31 1. The contractor or subcontractor shall state  
32 under oath, on forms provided by the department, the  
33 amount of the sales of goods, wares, or merchandise or  
34 services rendered, furnished, or performed including  
35 water, sewer, gas, and electric utility services for  
36 use in the economic development area upon which sales  
37 or use tax has been paid prior to the project  
38 completion, and shall file the forms with the eligible  
39 business or supporting business before final  
40 settlement is made.

41 2. The eligible business or a supporting business  
42 shall, not more than one year after project  
43 completion, make application to the department for any  
44 refund of the amount of the sales and use taxes paid  
45 pursuant to ~~chapter 422 or~~ 423 upon any goods, wares,  
46 or merchandise, or services rendered, furnished, or  
47 performed, including water, sewer, gas, and electric  
48 utility services. The application shall be made in  
49 the manner and upon forms to be provided by the  
50 department, and the department shall audit the claim

**H-1616**

-131-

**H-1616**

Page 132

1 and, if approved, issue a warrant to the eligible  
2 business or supporting business in the amount of the  
3 sales or use tax which has been paid to the state of  
4 Iowa under a contract. A claim filed by the eligible  
5 business or a supporting business in accordance with  
6 this section shall not be denied by reason of a  
7 limitation provision set forth in chapter 421,~~422,~~ or  
8 423.

9 3. A contractor or subcontractor who willfully  
10 makes a false report of tax paid under the provisions  
11 of this section is guilty of a simple misdemeanor and  
12 in addition is liable for the payment of the tax and  
13 any applicable penalty and interest.

14 Sec. 162. Section 15.334A, Code 2003, is amended  
15 to read as follows:

16 15.334A SALES AND USE TAX EXEMPTION.

17 An eligible business may claim an exemption from  
18 sales and use taxation under section ~~422.45~~ 423.3,  
19 subsection ~~27~~ 46, for property which is exempt from  
20 taxation under section 15.334, notwithstanding the  
21 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
22 46, or any other provision of the Code to the  
23 contrary.

24 Sec. 163. Section 15A.9, subsections 5, 6, and 7,  
25 Code 2003, are amended to read as follows:

26 5. PROPERTY TAX EXEMPTION.

27 a. All property, as defined in section 427A.1,  
28 subsection 1, paragraphs "e" and "j", Code 1993, used  
29 by the primary business or a supporting business and  
30 located within the zone, shall be exempt from property  
31 taxation for a period of twenty years beginning with  
32 the year it is first assessed for taxation. In order  
33 to be eligible for this exemption, the property shall  
34 be acquired or leased by the primary business or a  
35 supporting business or relocated by the primary  
36 business or a supporting business to the zone from  
37 outside the state prior to project completion.

38 b. Property which is exempt for property tax  
39 purposes under this subsection is eligible for the  
40 sales and use tax exemption under section ~~422.45~~  
41 423.3, subsection ~~27~~ 46, notwithstanding that  
42 subsection or any other provision of the Code to the  
43 contrary.

44 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
45 paid pursuant to chapter ~~422-or~~ 423 on the ~~gross~~  
46 ~~receipts~~ sales price or rental price of property  
47 purchased or rented by the primary business or a  
48 supporting business for use by the primary business or  
49 a supporting business within the zone or on gas,  
50 electricity, water, and sewer utility services prior

**H-1616**

-132-

**H-1616**

Page 133

1 to project completion shall be refunded to the primary  
2 business or supporting business if the item was  
3 purchased or the service was performed or received  
4 prior to project completion. Claims under this  
5 section shall be submitted on forms provided by the  
6 department of revenue and finance not later than six  
7 months after project completion. The refund in this  
8 subsection shall not apply to furniture or  
9 furnishings, or intangible property.

10 7. SALES, SERVICES, AND USE TAX REFUND --  
11 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
12 a supporting business shall be entitled to a refund of  
13 the sales and use taxes paid under ~~chapters 422 and~~  
14 chapter 423 for gas, electricity, water, or sewer  
15 utility services, goods, wares, or merchandise, or on  
16 services rendered, furnished, or performed to or for a  
17 contractor or subcontractor and used in the  
18 fulfillment of a written contract relating to the  
19 construction or equipping of a facility within the  
20 zone of the primary business or a supporting business.  
21 Taxes attributable to intangible property and  
22 furniture and furnishings shall not be refunded.

23 To receive the refund a claim shall be filed by the  
24 primary business or a supporting business with the  
25 department of revenue and finance as follows:

26 a. The contractor or subcontractor shall state  
27 under oath, on forms provided by the department, the  
28 amount of the sales of goods, wares, or merchandise or  
29 services rendered, furnished, or performed including  
30 water, sewer, gas, and electric utility services for  
31 use in the zone upon which sales or use tax has been  
32 paid prior to the project completion, and shall file  
33 the forms with the primary business or supporting  
34 business before final settlement is made.

35 b. The primary business or a supporting business  
36 shall, not more than six months after project  
37 completion, make application to the department for any  
38 refund of the amount of the sales and use taxes paid  
39 pursuant to ~~chapter 422 or~~ 423 upon any goods, wares,  
40 or merchandise, or services rendered, furnished, or  
41 performed, including water, sewer, gas, and electric  
42 utility services. The application shall be made in  
43 the manner and upon forms to be provided by the  
44 department, and the department shall audit the claim  
45 and, if approved, issue a warrant to the primary  
46 business or supporting business in the amount of the  
47 sales or use tax which has been paid to the state of  
48 Iowa under a contract. A claim filed by the primary  
49 business or a supporting business in accordance with  
50 this subsection shall not be denied by reason of a

**H-1616**

-133-

**H-1616**

Page 134

1 limitation provision set forth in chapter 421, 422, or  
2 423.

3 c. A contractor or subcontractor who willfully  
4 makes a false report of tax paid under the provisions  
5 of this subsection is guilty of a simple misdemeanor  
6 and in addition is liable for the payment of the tax  
7 and any applicable penalty and interest.

8 Sec. 164. Section 28A.17, unnumbered paragraph 1,  
9 Code 2003, is amended to read as follows:

10 If an authority is established as provided in  
11 section 28A.6 and after approval of a referendum by a  
12 simple majority of votes cast in each metropolitan  
13 area in favor of the sales and services tax, the  
14 governing board of a county in this state within a  
15 metropolitan area which is part of the authority shall  
16 impose, at the request of the authority, a local sales  
17 and services tax at the rate of one-fourth of one  
18 percent on ~~gross receipts~~ the sales price taxed by  
19 this state under ~~chapter 422, division IV section~~  
20 423.2, within the metropolitan area located in this  
21 state. The referendum shall be called by resolution  
22 of the board and shall be held as provided in section  
23 28A.6 to the extent applicable. The ballot  
24 proposition shall contain a statement as to the  
25 specific purpose or purposes for which the revenues  
26 shall be expended and the date of expiration of the  
27 tax. The local sales and services tax shall be  
28 imposed on the same basis, with the same exceptions,  
29 and following the same administrative procedures as  
30 provided for a county under sections 422B.8 and  
31 422B.9. The amount of the sale, for the purposes of  
32 determining the amount of the local sales and services  
33 tax under this section, does not include the amount of  
34 any local sales and services tax imposed under  
35 sections 422B.8 and 422B.9.

36 Sec. 165. Section 29C.15, Code 2003, is amended to  
37 read as follows:

38 29C.15 TAX-EXEMPT PURCHASES.

39 All purchases under the provisions of this chapter  
40 shall be exempt from the taxes imposed by sections  
41 ~~422.43~~ 423.2 and ~~423.2~~ 423.5.

42 Sec. 166. Section 99E.10, subsection 1, paragraph  
43 b, Code 2003, is amended to read as follows:

44 b. An amount equal to the product of the state  
45 sales tax rate under section ~~422.43~~ 423.2 multiplied  
46 by the gross sales price of each ticket or share sold  
47 shall be deducted as the sales tax on the sale of that  
48 ticket or share, remitted to the treasurer of state  
49 and deposited into the state general fund.

50 Sec. 167. Section 123.187, subsection 2, Code

**H-1616**

-134-

**H-1616**

Page 135

1 2003, is amended to read as follows:

2 2. A winery licensed or permitted pursuant to laws  
3 regulating alcoholic beverages in a state which  
4 affords this state an equal reciprocal shipping  
5 privilege may ship into this state by private common  
6 carrier, to a person twenty-one years of age or older,  
7 not more than eighteen liters of wine per month, for  
8 consumption or use by the person. Such wine shall not  
9 be resold. Shipment of wine pursuant to this  
10 subsection is not subject to sales tax under section  
11 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or  
12 the wine gallonage tax under section 123.183, and does  
13 not require a refund value for beverage container  
14 control purposes under chapter 455C.

15 Sec. 168. Section 262.54, Code 2003, is amended to  
16 read as follows:

17 262.54 COMPUTER SALES.

18 Sales, by an institution under the control of the  
19 board of regents, of computer equipment, computer  
20 software, and computer supplies to students and  
21 faculty at the institution are retail sales under  
22 chapter ~~422, division IV~~ 423.

23 Sec. 169. Section 303.9, subsection 2, Code 2003,  
24 is amended to read as follows:

25 2. The department may sell mementos and other  
26 items relating to Iowa history and historic sites on  
27 the premises of property under control of the  
28 department and at the state capitol. Notwithstanding  
29 sections 18.12 and 18.16, the department may directly  
30 and independently enter into rental and lease  
31 agreements with private vendors for the purpose of  
32 selling mementos. All fees and income produced by the  
33 sales and rental or lease agreements shall be credited  
34 to the account of the department. The mementos and  
35 other items sold by the department or vendors under  
36 this subsection are exempt from section 18.6. ~~The~~  
37 ~~department is not a retailer under chapter 422 and the~~  
38 ~~sale of such mementos and other items by the~~  
39 ~~department is not a retail sale under chapter 422 and~~  
40 ~~is exempt from the sales tax.~~

41 Sec. 170. Section 312.1, subsection 4, Code 2003,  
42 is amended to read as follows:

43 4. To the extent provided in section ~~423.24~~  
44 ~~423.43~~, subsection 1, paragraph "b", from revenue  
45 derived from the use tax, under chapter 423 on motor  
46 vehicles, trailers, and motor vehicle accessories and  
47 equipment.

48 Sec. 171. Section 312.2, subsections 14 and 16,  
49 Code 2003, are amended to read as follows:

50 14. The treasurer of state, before making the

**H-1616**

**H-1616**

Page 136

1 allotments provided for in this section, shall credit  
2 monthly from the road use tax fund to the general fund  
3 of the state from revenue credited to the road use tax  
4 fund under section ~~423.24~~ 423.43, subsection 1,  
5 paragraph "b", an amount equal to one-twentieth of  
6 eighty percent of the revenue from the operation of  
7 section ~~423.7~~ 423.26.

8 There is appropriated from the general fund of the  
9 state for each fiscal year to the state department of  
10 transportation the amount of revenues credited to the  
11 general fund of the state during the fiscal year under  
12 this subsection to be used for purposes of public  
13 transit assistance under chapter 324A.

14 16. The treasurer of state, before making the  
15 allotments provided for in this section, shall credit  
16 monthly from the road use tax fund to the motorcycle  
17 rider education fund established in section 321.180B,  
18 an amount equal to one dollar per year of license  
19 validity for each issued or renewed driver's license  
20 which is valid for the operation of a motorcycle.  
21 Moneys credited to the motorcycle rider education fund  
22 under this subsection shall be taken from moneys  
23 credited to the road use tax fund under section ~~423.24~~  
24 423.43.

25 Sec. 172. Section 321.20, subsection 5, Code 2003,  
26 is amended to read as follows:

27 5. The amount of tax to be paid under section  
28 ~~423.7~~ 423.26.

29 Sec. 173. Section 321.24, subsections 1 and 3,  
30 Code 2003, are amended to read as follows:

31 1. Upon receipt of the application for title and  
32 payment of the required fees for a motor vehicle,  
33 trailer, or semitrailer, the county treasurer or the  
34 department shall, when satisfied as to the  
35 application's genuineness and regularity, and, in the  
36 case of a mobile home or manufactured home, that taxes  
37 are not owing under chapter 435, issue a certificate  
38 of title and, except for a mobile home or manufactured  
39 home, a registration receipt, and shall file the  
40 application, the manufacturer's or importer's  
41 certificate, the certificate of title, or other  
42 evidence of ownership, as prescribed by the  
43 department. The registration receipt shall be  
44 delivered to the owner and shall contain upon its face  
45 the date issued, the name and address of the owner,  
46 the registration number assigned to the vehicle, the  
47 amount of the fee paid, the amount of tax paid  
48 pursuant to section ~~423.7~~ 423.26, the type of fuel  
49 used, and a description of the vehicle as determined  
50 by the department, and upon the reverse side a form

**H-1616**

-136-

**H-1616**

Page 137

1 for notice of transfer of the vehicle. The name and  
2 address of any lessee of the vehicle shall not be  
3 printed on the registration receipt or certificate of  
4 title. Up to three owners may be listed on the  
5 registration receipt and certificate of title.

6 3. The certificate of title shall contain upon its  
7 face the identical information required upon the face  
8 of the registration receipt. In addition, the  
9 certificate of title shall contain a statement of the  
10 owner's title, the title number assigned to the owner  
11 or owners of the vehicle, the amount of tax paid  
12 pursuant to section ~~423.7~~ 423.26, the name and address  
13 of the previous owner, and a statement of all security  
14 interests and encumbrances as shown in the  
15 application, upon the vehicle described, including the  
16 nature of the security interest, date of notation, and  
17 name and address of the secured party.

18 Sec. 174. Section 321.34, subsection 7, paragraph  
19 c, Code 2003, is amended to read as follows:

20 c. The fees for a collegiate registration plate  
21 are as follows:

22 (1) A registration fee of twenty-five dollars.

23 (2) A special collegiate registration fee of  
24 twenty-five dollars.

25 These fees are in addition to the regular annual  
26 registration fee. The fees collected by the director  
27 under this subsection shall be paid monthly to the  
28 treasurer of state and credited by the treasurer of  
29 state to the road use tax fund. Notwithstanding  
30 section ~~423.24~~ 423.43 and prior to the revenues being  
31 credited to the road use tax fund under section ~~423.24~~  
32 423.43, subsection 1, paragraph "b", the treasurer of  
33 state shall credit monthly from those revenues  
34 respectively, to Iowa state university of science and  
35 technology, the university of northern Iowa, and the  
36 state university of Iowa, the amount of the special  
37 collegiate registration fees collected in the previous  
38 month for collegiate registration plates designed for  
39 the university. The moneys credited are appropriated  
40 to the respective universities to be used for  
41 scholarships for students attending the universities.

42 Sec. 175. Section 321.34, subsection 11, paragraph  
43 c, Code 2003, is amended to read as follows:

44 c. The special natural resources fee for letter  
45 number designated natural resources plates is thirty-  
46 five dollars. The fee for personalized natural  
47 resources plates is forty-five dollars which shall be  
48 paid in addition to the special natural resources fee  
49 of thirty-five dollars. The fees collected by the  
50 director under this subsection shall be paid monthly

**H-1616**

-137-



**H-1616**

Page 138

1 to the treasurer of state and credited to the road use  
2 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
3 prior to the crediting of revenues to the road use tax  
4 fund under section ~~423.24~~ 423.43, subsection 1,  
5 paragraph "b", the treasurer of state shall credit  
6 monthly from those revenues to the Iowa resources  
7 enhancement and protection fund created pursuant to  
8 section 455A.18, the amount of the special natural  
9 resources fees collected in the previous month for the  
10 natural resources plates.

11 Sec. 176. Section 321.34, subsection 11A,  
12 paragraph c, Code 2003, is amended to read as follows:

13 c. The special fee for letter number designated  
14 love our kids plates is thirty-five dollars. The fee  
15 for personalized love our kids plates is twenty-five  
16 dollars, which shall be paid in addition to the  
17 special love our kids fee of thirty-five dollars. The  
18 fees collected by the director under this subsection  
19 shall be paid monthly to the treasurer of state and  
20 credited to the road use tax fund. Notwithstanding  
21 section ~~423.24~~ 423.43, and prior to the crediting of  
22 revenues to the road use tax fund under section ~~423.24~~  
23 423.43, subsection 1, paragraph "b", the treasurer of  
24 state shall transfer monthly from those revenues to  
25 the Iowa department of public health the amount of the  
26 special fees collected in the previous month for the  
27 love our kids plates. Notwithstanding section 8.33,  
28 moneys transferred under this subsection shall not  
29 revert to the general fund of the state.

30 Sec. 177. Section 321.34, subsection 11B,  
31 paragraph c, Code 2003, is amended to read as follows:

32 c. The special fee for letter number designated  
33 motorcycle rider education plates is thirty-five  
34 dollars. The fee for personalized motorcycle rider  
35 education plates is twenty-five dollars, which shall  
36 be paid in addition to the special motorcycle rider  
37 education fee of thirty-five dollars. The fees  
38 collected by the director under this subsection shall  
39 be paid monthly to the treasurer of state and credited  
40 to the road use tax fund. Notwithstanding section  
41 ~~423.24~~ 423.43, and prior to the crediting of revenues  
42 to the road use tax fund under section ~~423.24~~ 423.43,  
43 subsection 1, paragraph "b", the treasurer of state  
44 shall transfer monthly from those revenues to the  
45 department for use in accordance with section  
46 321.180B, subsection 6, the amount of the special fees  
47 collected in the previous month for the motorcycle  
48 rider education plates.

49 Sec. 178. Section 321.34, subsection 13, paragraph  
50 d, Code 2003, is amended to read as follows:

**H-1616**

-138-

**H-1616**

Page 139

1 d. A state agency may submit a request to the  
2 department recommending a special registration plate.  
3 The alternate fee for letter number designated plates  
4 is thirty-five dollars with a ten dollar annual  
5 special renewal fee. The fee for personalized plates  
6 is twenty-five dollars which is in addition to the  
7 alternative fee of thirty-five dollars with an annual  
8 personalized plate renewal fee of five dollars which  
9 is in addition to the special renewal fee of ten  
10 dollars. The alternate fees are in addition to the  
11 regular annual registration fee. The alternate fees  
12 collected under this paragraph shall be paid monthly  
13 to the treasurer of state and credited to the road use  
14 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
15 prior to the crediting of the revenues to the road use  
16 tax fund under section ~~423.24~~ 423.43, subsection 1,  
17 paragraph "b", the treasurer of state shall credit  
18 monthly the amount of the alternate fees collected in  
19 the previous month to the state agency that  
20 recommended the special registration plate.

21 Sec. 179. Section 321.34, subsection 21, paragraph  
22 c, Code 2003, is amended to read as follows:

23 c. The special fees collected by the director  
24 under this subsection shall be paid monthly to the  
25 treasurer of state and credited to the road use tax  
26 fund. Notwithstanding section ~~423.24~~ 423.43, and  
27 prior to the crediting of revenues to the road use tax  
28 fund under section ~~423.24~~ 423.43, subsection 1,  
29 paragraph "b", the treasurer of state shall credit  
30 monthly to the Iowa heritage fund created under  
31 section 303.9A the amount of the special fees  
32 collected in the previous month for the Iowa heritage  
33 plates.

34 Sec. 180. Section 321.34, subsection 22, paragraph  
35 b, Code 2003, is amended to read as follows:

36 b. The special school transportation fee for  
37 letter number designated education plates is thirty-  
38 five dollars. The fee for personalized education  
39 plates is twenty-five dollars, which shall be paid in  
40 addition to the special school transportation fee of  
41 thirty-five dollars. The annual special school  
42 transportation fee is ten dollars for letter number  
43 designated registration plates and is fifteen dollars  
44 for personalized registration plates which shall be  
45 paid in addition to the regular annual registration  
46 fee. The fees collected by the director under this  
47 subsection shall be paid monthly to the treasurer of  
48 state and credited to the road use tax fund.

49 Notwithstanding section ~~423.24~~ 423.43, and prior to  
50 the crediting of revenues to the road use tax fund

**H-1616**

-139-

**H-1616**

Page 140

1 under section ~~423.24~~ 423.43, subsection 1, paragraph  
2 "b", the treasurer of state shall transfer monthly  
3 from those revenues to the school budget review  
4 committee in accordance with section 257.31,  
5 subsection 17, the amount of the special school  
6 transportation fees collected in the previous month  
7 for the education plates.

8 Sec. 181. Section 321F.9, Code 2003, is amended to  
9 read as follows:

10 321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

11 Any person engaged in business in this state shall  
12 not enter into any agreement for the use of a motor  
13 vehicle under the terms of which ~~such~~ that person  
14 grants to another an option to purchase ~~such~~ the motor  
15 vehicle without first having obtained a motor vehicle  
16 dealer's license under the provisions of chapter 322,  
17 and all sales of motor vehicles under such options  
18 shall be subject to sales or use taxes imposed under  
19 the provisions of ~~chapters 422 and~~ chapter 423.  
20 Nothing contained in this section shall require such  
21 person to have a place of business as provided by  
22 section 322.6, subsection 8.

23 Sec. 182. Section 327I.26, Code 2003, is amended  
24 to read as follows:

25 327I.26 APPROPRIATION TO AUTHORITY.

26 Notwithstanding section ~~423.24~~ 423.43, and prior to  
27 the application of section ~~423.24~~ 423.43, subsection  
28 1, paragraph "b", there shall be deposited into the  
29 general fund of the state and is appropriated to the  
30 authority from eighty percent of the revenues derived  
31 from the operation of section ~~423.7~~ 423.26, the  
32 amounts certified by the authority under section  
33 327I.25. However, the total amount deposited into the  
34 general fund and appropriated to the Iowa railway  
35 finance authority under this section shall not exceed  
36 two million dollars annually. Moneys appropriated to  
37 the Iowa railway finance authority under this section  
38 are appropriated only for the payment of principal and  
39 interest on obligations or the payment of leases  
40 guaranteed by the authority as provided under section  
41 327I.25.

42 Sec. 183. Section 328.26, unnumbered paragraph 2,  
43 Code 2003, is amended to read as follows:

44 When an aircraft is registered to a person for the  
45 first time the fee submitted to the department shall  
46 include the tax imposed by section ~~422.43~~ 423.2 or  
47 section ~~423.2~~ 423.5 or evidence of the exemption of  
48 the aircraft from the tax imposed under section ~~422.43~~  
49 423.2 or ~~423.2~~ 423.5.

50 Sec. 184. Section 331.557, subsection 3, Code

**H-1616**

-140-

**H-1616**

Page 141

1 2003, is amended to read as follows:

2 3. Collect the use tax on vehicles subject to  
3 registration as provided in sections ~~423.6, 423.7, and~~  
4 ~~423.7A~~ 423.14, 423.26, and 423.27.

5 Sec. 185. Section 357A.15, unnumbered paragraph 2,  
6 Code 2003, is amended to read as follows:

7 A rural water district organized under chapter 504A  
8 shall receive a refund of sales or use taxes upon  
9 submitting an application to the department of revenue  
10 and finance for ~~such~~ the refund of taxes imposed upon  
11 the ~~gross receipts~~ sales price of all sales of  
12 building materials, supplies, or equipment sold to a  
13 contractor or used in the fulfillment of a written  
14 contract for the construction of facilities for ~~such~~  
15 the rural water district to the same extent as a rural  
16 water district organized under this chapter may obtain  
17 a refund under section ~~422.45~~ 423.4, subsection 7 1.

18 Sec. 186. Section 421.10, Code 2003, is amended to  
19 read as follows:

20 421.10 APPEAL PERIOD -- APPLICABILITY.

21 The appeal period for revision of assessment of  
22 tax, interest, and penalties set out under section  
23 422.28, ~~422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
24 453A.29, or 453A.46 applies to appeals to notices from  
25 the department denying changes in filing methods,  
26 denying refund claims, and denying portions of refund  
27 claims for the tax covered by that section, and  
28 notices of any department action directed to a  
29 specific taxpayer, other than licensing, which  
30 involves a calculation.

31 Sec. 187. Section 421.17, subsection 22B, Code  
32 2003, is amended to read as follows:

33 22B. ~~Enter~~ To enter into agreements or compacts  
34 with remote sellers, retailers, or third-party  
35 providers for the voluntary collection of Iowa sales  
36 or use taxes attributable to sales into Iowa ~~and to~~  
37 ~~enter~~. The director has the authority to enter into  
38 and perform all duties required of the office of  
39 director by multistate agreements or compacts that  
40 provide for the voluntary collection of sales and use  
41 taxes, including joint audits with other states or  
42 audits on behalf of other states. The agreements or  
43 compacts shall generally conform to the provisions of  
44 Iowa sales and use tax statutes. All fees for  
45 services, reimbursements, remuneration, incentives,  
46 and costs incurred by the department associated with  
47 these agreements or compacts may be paid or reimbursed  
48 from the additional revenue generated. An amount is  
49 appropriated from amounts generated to pay or  
50 reimburse all costs associated with this subsection.

**H-1616**

-141-

**H-1616**

Page 142

1 Persons entering into an agreement or compact with the  
2 department pursuant to this subsection are subject to  
3 the requirements and penalties of the confidentiality  
4 laws of this state regarding tax information.  
5 Notwithstanding any other provisions of law, the  
6 contract, agreement, or compact shall provide for the  
7 registration, collection, report, and verification of  
8 amounts subject to this subsection.

9 Sec. 188. Section 421.17, subsection 29, paragraph  
10 j, Code 2003, is amended to read as follows:

11 j. The department's existing right to credit  
12 against tax due or to become due under section 422.73  
13 or 423.47 is not to be impaired by a right granted to  
14 or a duty imposed upon the department or other state  
15 agency by this subsection. This subsection is not  
16 intended to impose upon the department any additional  
17 requirement of notice, hearing, or appeal concerning  
18 the right to credit against tax due under section  
19 422.73 or 423.47.

20 Sec. 189. Section 421.17, subsection 34, paragraph  
21 i, Code 2003, is amended to read as follows:

22 i. The director may distribute to credit reporting  
23 entities and for publication the names, addresses, and  
24 amounts of indebtedness owed to or being collected by  
25 the state if the indebtedness is subject to the  
26 centralized debt collection procedure established in  
27 this subsection. The director shall adopt rules to  
28 administer this paragraph, and the rules shall provide  
29 guidelines by which the director shall determine which  
30 names, addresses, and amounts of indebtedness may be  
31 distributed for publication. The director may  
32 distribute information for publication pursuant to  
33 this paragraph, notwithstanding sections 422.20,  
34 422.72, and ~~423.23~~ 423.42, or any other provision of  
35 state law to the contrary pertaining to  
36 confidentiality of information.

37 Sec. 190. Section 421.26, Code 2003, is amended to  
38 read as follows:

39 421.26 PERSONAL LIABILITY FOR TAX DUE.

40 If a licensee or other person under section  
41 452A.65, a retailer or purchaser under chapter 422A or  
42 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
43 retailer or purchaser under section ~~423.13~~ 423.32 or a  
44 user under section ~~423.14~~ 423.34 fails to pay a tax  
45 under those sections when due, an officer of a  
46 corporation or association, notwithstanding sections  
47 490A.601 and 490A.602, a member or manager of a  
48 limited liability company, or a partner of a  
49 partnership, having control or supervision of or the  
50 authority for remitting the tax payments and having a

**H-1616**

-142-

**H-1616**

Page 143

1 substantial legal or equitable interest in the  
2 ownership of the corporation, association, limited  
3 liability company, or partnership, who has  
4 intentionally failed to pay the tax is personally  
5 liable for the payment of the tax, interest, and  
6 penalty due and unpaid. However, this section shall  
7 not apply to taxes on accounts receivable. The  
8 dissolution of a corporation, association, limited  
9 liability company, or partnership shall not discharge  
10 a person's liability for failure to remit the tax due.

11 Sec. 191. Section 421.28, Code 2003, is amended to  
12 read as follows:

13 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

14 The immediate successor to a licensee's or  
15 retailer's business or stock of goods under chapter  
16 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
17 423.33 or 452A.65, is not personally liable for the  
18 amount of delinquent tax, interest, or penalty due and  
19 unpaid if the immediate successor shows that the  
20 purchase of the business or stock of goods was made in  
21 good faith that no delinquent tax, interest, or  
22 penalty was due and unpaid. For purposes of this  
23 section the immediate successor shows good faith by  
24 evidence that the department had provided the  
25 immediate successor with a certified statement that no  
26 delinquent tax, interest, or penalty is unpaid, or  
27 that the immediate successor had taken in good faith a  
28 certified statement from the licensee, retailer, or  
29 seller that no delinquent tax, interest, or penalty is  
30 unpaid. When requested to do so by a person with whom  
31 the licensee or retailer is negotiating the sale of  
32 the business or stock of goods, the director of  
33 revenue and finance shall, upon being satisfied that  
34 such a situation exists, inform that person as to the  
35 amount of unpaid delinquent tax, interest, or penalty  
36 due by the licensee or the retailer. The giving of  
37 the information under this circumstance is not a  
38 violation of section 422.20, 422.72, or 452A.63.

39 Sec. 192. Section 421B.11, unnumbered paragraph 3,  
40 Code 2003, is amended to read as follows:

41 Judicial review of the actions of the director may  
42 be sought in accordance with the terms of the Iowa  
43 administrative procedure Act, and section ~~422.55~~  
44 423.38.

45 Sec. 193. Section 422.7, subsection 21, paragraph  
46 a, subparagraph (1), unnumbered paragraph 1, Code  
47 2003, is amended to read as follows:

48 Net capital gain from the sale of real property  
49 used in a business, in which the taxpayer materially  
50 participated for ten years, as defined in section

**H-1616**

-143-

**H-1616**

Page 144

1 469(h) of the Internal Revenue Code, and which has  
2 been held for a minimum of ten years, or from the sale  
3 of a business, as defined in section ~~422.42~~ 423.1, in  
4 which the taxpayer was employed or in which the  
5 taxpayer materially participated for ten years, as  
6 defined in section 469(h) of the Internal Revenue  
7 Code, and which has been held for a minimum of ten  
8 years. The sale of a business means the sale of all  
9 or substantially all of the tangible personal property  
10 or service of the business.

11 Sec. 194. Section 422.73, subsection 1, Code 2003,  
12 is amended by striking the subsection.

13 Sec. 195. Section 422A.1, unnumbered paragraphs 1,  
14 3, 7, and 8, Code 2003, are amended to read as  
15 follows:

16 A city or county may impose by ordinance of the  
17 city council or by resolution of the board of  
18 supervisors a hotel and motel tax, at a rate not to  
19 exceed seven percent, which shall be imposed in  
20 increments of one or more full percentage points upon  
21 the ~~gross receipts~~ sales price from the renting of  
22 sleeping rooms, apartments, or sleeping quarters in a  
23 hotel, motel, inn, public lodging house, rooming  
24 house, manufactured or mobile home which is tangible  
25 personal property, or tourist court, or in any place  
26 where sleeping accommodations are furnished to  
27 transient guests for rent, whether with or without  
28 meals; except the ~~gross receipts~~ sales price from the  
29 renting of sleeping rooms in dormitories and in  
30 memorial unions at all universities and colleges  
31 located in the state of Iowa and the guests of a  
32 religious institution if the property is exempt under  
33 section 427.1, subsection 8, and the purpose of  
34 renting is to provide a place for a religious retreat  
35 or function and not a place for transient guests  
36 generally. The tax when imposed by a city shall apply  
37 only within the corporate boundaries of that city and  
38 when imposed by a county shall apply only outside  
39 incorporated areas within that county. "Renting" and  
40 "rent" include any kind of direct or indirect charge  
41 for such sleeping rooms, apartments, or sleeping  
42 quarters, or their use. However, the tax does not  
43 apply to the ~~gross receipts~~ sales price from the  
44 renting of a sleeping room, apartment, or sleeping  
45 quarters while rented by the same person for a period  
46 of more than thirty-one consecutive days.

47 A local hotel and motel tax shall be imposed on  
48 January 1, April 1, July 1, or October 1, following  
49 the notification of the director of revenue and  
50 finance. Once imposed, the tax shall remain in effect

**H-1616**

-144-

**H-1616**

Page 145

1 at the rate imposed for a minimum of one year. A  
2 local hotel and motel tax shall terminate only on  
3 March 31, June 30, September 30, or December 31. At  
4 least ~~forty-five~~ sixty days prior to the tax being  
5 effective or prior to a revision in the tax rate, or  
6 prior to the repeal of the tax, a city or county shall  
7 provide notice by mail of such action to the director  
8 of revenue and finance.

9 No tax permit other than the state sales tax permit  
10 required under section ~~422.53~~ 423.36 may be required  
11 by local authorities.

12 The tax levied shall be in addition to any state  
13 sales tax imposed under section ~~422.43~~ 423.2. Section  
14 422.25, subsection 4, sections 422.30, ~~422.48 to~~  
15 ~~422.52, 422.54 to 422.58, 422.67, and 422.68, section~~  
16 422.69, subsection 1, and sections 422.70 to 422.75,  
17 section 423.14, subsection 1, and sections 423.23,  
18 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
19 423.42, and 423.47, consistent with the provisions of  
20 this chapter, apply with respect to the taxes  
21 authorized under this chapter, in the same manner and  
22 with the same effect as if the hotel and motel taxes  
23 were retail sales taxes within the meaning of those  
24 statutes. Notwithstanding this paragraph, the  
25 director shall provide for quarterly filing of returns  
26 ~~as prescribed in section 422.51~~ and for other than  
27 quarterly filing of returns both as prescribed in  
28 section ~~422.51, subsection 2~~ 423.31. The director may  
29 require all persons, as defined in section ~~422.42~~  
30 423.1, who are engaged in the business of deriving  
31 ~~gross receipts~~ any sales price subject to tax under  
32 this chapter, to register with the department.

33 Sec. 196. Section 422B.8, Code 2003, is amended to  
34 read as follows:

35 422B.8 LOCAL SALES AND SERVICES TAX.

36 A local sales and services tax at the rate of not  
37 more than one percent may be imposed by a county on  
38 the ~~gross receipts~~ sales price taxed by the state  
39 under chapter ~~422~~ 423, division IV subchapter II. A  
40 local sales and services tax shall be imposed on the  
41 same basis as the state sales and services tax or in  
42 the case of the use of natural gas, natural gas  
43 service, electricity, or electric service on the same  
44 basis as the state use tax and shall not be imposed on  
45 the sale of any property or on any service not taxed  
46 by the state, except the tax shall not be imposed on  
47 the ~~gross receipts~~ sales price from the sale of motor  
48 fuel or special fuel as defined in chapter 452A which  
49 is consumed for highway use or in watercraft or  
50 aircraft if the fuel tax is paid on the transaction

**H-1616**

-145-



**H-1616**

Page 146

1 and a refund has not or will not be allowed, on the  
2 ~~gross receipts~~ sales price from the rental of rooms,  
3 apartments, or sleeping quarters which are taxed under  
4 chapter 422A during the period the hotel and motel tax  
5 is imposed, on the ~~gross receipts~~ sales price from the  
6 sale of equipment by the state department of  
7 transportation, on the ~~gross receipts~~ sales price from  
8 the sale of self-propelled building equipment, pile  
9 drivers, motorized scaffolding, or attachments  
10 customarily drawn or attached to self-propelled  
11 building equipment, pile drivers, and motorized  
12 scaffolding, including auxiliary attachments which  
13 improve the performance, safety, operation, or  
14 efficiency of the equipment and replacement parts and  
15 are directly and primarily used by contractors,  
16 subcontractors, and builders for new construction,  
17 reconstruction, alterations, expansion, or remodeling  
18 of real property or structures, and on the ~~gross~~  
19 ~~receipts~~ sales price from the sale of a lottery ticket  
20 or share in a lottery game conducted pursuant to  
21 chapter 99E and except the tax shall not be imposed on  
22 the ~~gross receipts~~ sales price from the sale or use of  
23 natural gas, natural gas service, electricity, or  
24 electric service in a city or county where the ~~gross~~  
25 ~~receipts~~ sales price from the sale of natural gas or  
26 electric energy are subject to a franchise fee or user  
27 fee during the period the franchise or user fee is  
28 imposed. A local sales and services tax is applicable  
29 to transactions within those incorporated and  
30 unincorporated areas of the county where it is imposed  
31 and shall be collected by all persons required to  
32 collect state ~~gross receipts~~ sales taxes. However, a  
33 person required to collect state retail sales tax  
34 under chapter 422 ~~423~~, division IV subchapter V or VI,  
35 is not required to collect local sales and services  
36 tax on transactions delivered within the area where  
37 the local sales and services tax is imposed unless the  
38 person has physical presence in that taxing area. All  
39 cities contiguous to each other shall be treated as  
40 part of one incorporated area and the tax would be  
41 imposed in each of those contiguous cities only if the  
42 majority of those voting in the total area covered by  
43 the contiguous cities favor its imposition.

44 The amount of the sale, for purposes of determining  
45 the amount of the local sales and services tax, does  
46 not include the amount of any state ~~gross receipts~~  
47 ~~taxes~~ sales tax.

48 A tax permit other than the state sales tax permit  
49 required under section ~~422.53 or 423.10~~ 423.36 shall  
50 not be required by local authorities.

**H-1616**

-146-

**H-1616**

Page 147

1 If a local sales and services tax is imposed by a  
2 county pursuant to this chapter, a local excise tax at  
3 the same rate shall be imposed by the county on the  
4 purchase price of natural gas, natural gas service,  
5 electricity, or electric service subject to tax under  
6 chapter 423, subchapter III, and not exempted from tax  
7 by any provision of chapter 423, subchapter III. The  
8 local excise tax is applicable only to the use of  
9 natural gas, natural gas service, electricity, or  
10 electric service within those incorporated and  
11 unincorporated areas of the county where it is imposed  
12 and, except as otherwise provided in this chapter,  
13 shall be collected and administered in the same manner  
14 as the local sales and services tax. For purposes of  
15 this chapter, "local sales and services tax" shall  
16 also include the local excise tax.

17 Sec. 197. Section 422B.9, subsections 1 and 2,  
18 Code 2003, are amended to read as follows:

19 1. a. A local sales and services tax shall be  
20 imposed either January 1 or July 1 following the  
21 notification of the director of revenue and finance  
22 but not sooner than ninety days following the  
23 favorable election and not sooner than sixty days  
24 following notice to sellers, as defined in section  
25 423.1. However, a jurisdiction which has voted to  
26 continue imposition of the tax may impose that tax  
27 without repeal of the prior tax.

28 b. A local sales and services tax shall be  
29 repealed only on June 30 or December 31 but not sooner  
30 than ninety days following the favorable election if  
31 one is held. However, a local sales and services tax  
32 shall not be repealed before the tax has been in  
33 effect for one year. At least forty days before the  
34 imposition or repeal of the tax, a county shall  
35 provide notice of the action by certified mail to the  
36 director of revenue and finance.

37 c. The imposition of or a rate change for a local  
38 sales and service tax shall not be applied to  
39 purchases from a printed catalog wherein a purchaser  
40 computes the local tax based on rates published in the  
41 catalog unless a minimum of one hundred twenty days'  
42 notice of the imposition or rate change has been given  
43 to the seller from the catalog and the first day of a  
44 calendar quarter has occurred on or after the one  
45 hundred twentieth day.

46 e. d. If a local sales and services tax has been  
47 imposed prior to April 1, 2000, and at the time of the  
48 election a date for repeal was specified on the  
49 ballot, the local sales and services tax may be  
50 repealed on that date, notwithstanding paragraph "b".

**H-1616**

-147-

**H-1616**

Page 148

1 2. a. The director of revenue and finance shall  
2 administer a local sales and services tax as nearly as  
3 possible in conjunction with the administration of  
4 state ~~gross receipts~~ sales tax laws. The director  
5 shall provide appropriate forms or provide on the  
6 regular state tax forms for reporting local sales and  
7 services tax liability.

8 b. The ordinance of a county board of supervisors  
9 imposing a local sales and services tax shall adopt by  
10 reference the applicable provisions of the appropriate  
11 sections of ~~chapter 422, division IV, and chapter 423.~~  
12 All powers and requirements of the director to  
13 administer the state ~~gross receipts~~ sales tax law and  
14 use tax law are applicable to the administration of a  
15 local sales and services tax law and the local excise  
16 tax, including but not limited to, the provisions of  
17 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
18 ~~to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~  
19 section 422.69, subsection 1, sections 422.70 to  
20 422.75, 423.6, subsections 2 to 4, and sections 423.11  
21 to 423.18, and 423.21 section 423.14, subsection 1 and  
22 subsection 2, paragraphs "b" through "e", and sections  
23 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,  
24 423.37 to 423.42, 423.46, and 423.47. Local officials  
25 shall confer with the director of revenue and finance  
26 for assistance in drafting the ordinance imposing a  
27 local sales and services tax. A certified copy of the  
28 ordinance shall be filed with the director as soon as  
29 possible after passage.

30 c. Frequency of deposits and quarterly reports of  
31 a local sales and services tax with the department of  
32 revenue and finance are governed by the tax provisions  
33 in section ~~422.52~~ 423.31. Local tax collections shall  
34 not be included in computation of the total tax to  
35 determine frequency of filing under section ~~422.52~~  
36 423.31.

37 d. The director shall apply a boundary change of a  
38 county or city imposing or collecting the local sales  
39 and service tax to the imposition or collection of  
40 that tax only on the first day of a calendar quarter  
41 which occurs sixty days or more after the director has  
42 given notice of the boundary change to sellers.

43 Sec. 198. Section 422C.2, subsections 4 and 6,  
44 Code 2003, are amended to read as follows:

45 4. "Person" means person as defined in section  
46 ~~422.42~~ 423.1.

47 6. "Rental price" means the consideration for  
48 renting an automobile valued in money, and means the  
49 same as ~~"gross taxable services"~~ "sales price" as  
50 defined in section ~~422.42~~ 423.1.

**H-1616**

-148-

**H-1616**

Page 149

1 Sec. 199. Section 422C.3, Code 2003, is amended to  
2 read as follows:

3 422C.3 TAX ON RENTAL OF AUTOMOBILES.

4 1. A tax of five percent is imposed upon the  
5 rental price of an automobile if the rental  
6 transaction is subject to the sales and services tax  
7 under chapter ~~422~~ 423, ~~division IV~~ subchapter II, or  
8 the use tax under chapter 423, subchapter III. The  
9 tax shall not be imposed on any rental transaction not  
10 taxable under the state sales and services tax, as  
11 provided in section ~~422.45~~ 423.3, or the state use  
12 tax, as provided in section ~~423.4~~ 423.6, on automobile  
13 rental receipts.

14 2. The lessor shall collect the tax by adding the  
15 tax to the rental price of the automobile.

16 3. The tax, when collected, shall be stated as a  
17 distinct item separate and apart from the rental price  
18 of the automobile and the sales and services tax  
19 imposed under chapter ~~422~~ 423, ~~division IV~~ subchapter  
20 II, or the use tax imposed under chapter 423,  
21 subchapter III.

22 Sec. 200. Section 422C.4, Code 2003, is amended to  
23 read as follows:

24 422C.4 ADMINISTRATION AND ENFORCEMENT.

25 All powers and requirements of the director of  
26 revenue and finance to administer the state ~~gross~~  
27 ~~receipts~~ sales tax law under chapter ~~422~~, ~~division IV~~,  
28 423 are applicable to the administration of the tax  
29 imposed under section 422C.3, including but not  
30 limited to section 422.25, subsection 4, sections  
31 ~~422.30, 422.48 through 422.52, 422.54 through 422.58,~~  
32 ~~422.67, and 422.68,~~ section 422.69, subsection 1, and  
33 sections 422.70 through 422.75, section 423.14,  
34 subsection 1, and sections 423.15, 423.23, 423.24,  
35 423.25, 423.31, 423.33, 423.35 and 423.37 through  
36 423.42, 423.45, 423.46, and 423.47. However, as an  
37 exception to the powers specified in section ~~422.52,~~  
38 ~~subsection 1~~ 423.31, the director shall only require  
39 the filing of quarterly reports.

40 Sec. 201. Section 422E.1, subsection 1, is amended  
41 to read as follows:

42 1. A local sales and services tax for school  
43 infrastructure purposes may be imposed by a county on  
44 behalf of school districts as provided in this  
45 chapter.

46 If a local sales and services tax for school  
47 infrastructure is imposed by a county pursuant to this  
48 chapter, a local excise tax for school infrastructure  
49 at the same rate shall be imposed by the county on the  
50 purchase price of natural gas, natural gas service,

**H-1616**

-149-

**H-1616**

Page 150

1 electricity, or electric service subject to tax under  
2 chapter 423, subchapter III, and not exempted from tax  
3 by any provision of chapter 423, subchapter III. The  
4 local excise tax for school infrastructure is  
5 applicable only to the use of natural gas, natural gas  
6 service, electricity, or electric service within those  
7 incorporated and unincorporated areas of the county  
8 where it is imposed and, except as otherwise provided  
9 in this chapter, shall be collected and administered  
10 in the same manner as the local sales and services tax  
11 for school infrastructure. For purposes of this  
12 chapter, "local sales and services tax for school  
13 infrastructure" shall also include the local excise  
14 tax for school infrastructure.

15 Sec. 202. Section 422E.3, subsections 1, 2, and 3,  
16 Code 2003, are amended to read as follows:

17 1. If a majority of those voting on the question  
18 of imposition of a local sales and services tax for  
19 school infrastructure purposes favors imposition of  
20 the tax, the tax shall be imposed by the county board  
21 of supervisors within the county pursuant to section  
22 422E.2, at the rate specified for a ten-year duration  
23 on the ~~gross receipts~~ sales price taxed by the state  
24 under chapter 422 423, division IV subchapter II.

25 2. The tax shall be imposed on the same basis as  
26 the state sales and services tax or in the case of the  
27 use of natural gas, natural gas service, electricity,  
28 or electric service on the same basis as the state use  
29 tax and shall not be imposed on the sale of any  
30 property or on any service not taxed by the state,  
31 except the tax shall not be imposed on the ~~gross~~  
32 ~~receipts~~ sales price from the sale of motor fuel or  
33 special fuel as defined in chapter 452A which is  
34 consumed for highway use or in watercraft or aircraft  
35 if the fuel tax is paid on the transaction and a  
36 refund has not or will not be allowed, on the ~~gross~~  
37 ~~receipts~~ sales price from the rental of rooms,  
38 apartments, or sleeping quarters which are taxed under  
39 chapter 422A during the period the hotel and motel tax  
40 is imposed, on the ~~gross receipts~~ sales price from the  
41 sale of equipment by the state department of  
42 transportation, on the ~~gross receipts~~ sales price from  
43 the sale of self-propelled building equipment, pile  
44 drivers, motorized scaffolding, or attachments  
45 customarily drawn or attached to self-propelled  
46 building equipment, pile drivers, and motorized  
47 scaffolding, including auxiliary attachments which  
48 improve the performance, safety, operation, or  
49 efficiency of the equipment, and replacement parts and  
50 are directly and primarily used by contractors,

**H-1616**

-150-

**H-1616**

Page 151

1 subcontractors, and builders for new construction,  
2 reconstruction, alterations, expansion, or remodeling  
3 of real property or structures, and on the ~~gross~~  
4 ~~receipts~~ sales price from the sale of a lottery ticket  
5 or share in a lottery game conducted pursuant to  
6 chapter 99E and except the tax shall not be imposed on  
7 the ~~gross receipts sales price~~ from the sale or use of  
8 natural gas, natural gas service, electricity, or  
9 electric service in a city or county where the ~~gross~~  
10 ~~receipts~~ sales price from the sale of natural gas or  
11 electric energy are subject to a franchise fee or user  
12 fee during the period the franchise or user fee is  
13 imposed.

14 3. The tax is applicable to transactions within  
15 the county where it is imposed and shall be collected  
16 by all persons required to collect state ~~gross~~  
17 ~~receipts~~ sales or local excise taxes. However, a  
18 person required to collect state ~~retail~~ sales tax  
19 under chapter ~~422, division IV, 423~~ is not required to  
20 collect local sales and services tax on transactions  
21 delivered within the area where the local sales and  
22 services tax is imposed unless the person has physical  
23 presence in that taxing area. The amount of the sale,  
24 for purposes of determining the amount of the tax,  
25 does not include the amount of any state ~~gross~~  
26 ~~receipts~~ sales taxes or excise taxes or other local  
27 option sales or excise taxes. A tax permit other than  
28 the state tax permit required under section ~~422.53 or~~  
29 ~~423.10~~ 423.36 shall not be required by local  
30 authorities.

31 Sec. 203. Section 425.30, Code 2003, is amended to  
32 read as follows:

33 425.30 NOTICES.

34 Section ~~422.57~~ 423.39, subsection 1, shall apply to  
35 all notices under this division.

36 Sec. 204. Section 425.31, Code 2003, is amended to  
37 read as follows:

38 425.31 APPEALS.

39 Any person aggrieved by an act or decision of the  
40 director of revenue and finance or the department of  
41 revenue and finance under this division shall have the  
42 same rights of appeal and review as provided in  
43 sections 421.1 and ~~422.55~~ 423.38 and the rules of the  
44 department of revenue and finance.

45 Sec. 205. Section 452A.66, unnumbered paragraph 1,  
46 Code 2003, is amended to read as follows:

47 The appropriate state agency shall administer the  
48 taxes imposed by this chapter in the same manner as  
49 and subject to section 422.25, subsection 4 and  
50 section ~~422.52, subsection 3~~ 423.35.

**H-1616**

-151-

**H-1616**

Page 152

1 Sec. 206. Section 455B.455, Code 2003, is amended  
2 to read as follows:

3 455B.455 SURCHARGE IMPOSED.

4 A land burial surcharge tax of two percent is  
5 imposed on the fee for land burial of a hazardous  
6 waste. The owner of the land burial facility shall  
7 remit the tax collected to the director of revenue and  
8 finance after consultation with the director according  
9 to rules that the director shall adopt. The director  
10 shall forward a copy of the site license to the  
11 director of revenue and finance which shall be the  
12 appropriate license for the collection of the land  
13 burial surcharge tax and shall be subject to  
14 suspension or revocation if the site license holder  
15 fails to collect or remit the tax collected under this  
16 section. The provisions of ~~sections~~ section 422.25,  
17 subsection 4, sections 422.30, ~~422.48 to 422.52,~~  
18 ~~422.54 to 422.58,~~ 422.67, and 422.68, section 422.69,  
19 subsection 1, and sections 422.70 to 422.75, section  
20 423.14, subsection 1, and sections 423.23, 423.24,  
21 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and  
22 423.47, consistent with the provisions of this part 6  
23 of division IV, shall apply with respect to the taxes  
24 authorized under this part, in the same manner and  
25 with the same effect as if the land burial surcharge  
26 tax were ~~retail~~ sales taxes within the meaning of  
27 those statutes. Notwithstanding the provisions of  
28 this ~~paragraph~~ section, the director shall provide for  
29 only quarterly filing of returns as prescribed in  
30 section ~~422.51~~ 423.31. Taxes collected by the  
31 director of revenue and finance under this section  
32 shall be deposited in the general fund of the state.

33 Sec. 207. Section 455G.3, subsection 1, Code 2003,  
34 is amended to read as follows:

35 1. The Iowa comprehensive petroleum underground  
36 storage tank fund is created as a separate fund in the  
37 state treasury, and any funds remaining in the fund at  
38 the end of each fiscal year shall not revert to the  
39 general fund but shall remain in the Iowa  
40 comprehensive petroleum underground storage tank fund.  
41 Interest or other income earned by the fund shall be  
42 deposited in the fund. The fund shall include moneys  
43 credited to the fund under this section, section  
44 ~~423.24~~ 423.43, subsection 1, paragraph "a", and  
45 sections 455G.8, 455G.9, and 455G.11, and other funds  
46 which by law may be credited to the fund. The moneys  
47 in the fund are appropriated to and for the purposes  
48 of the board as provided in this chapter. Amounts in  
49 the fund shall not be subject to appropriation for any  
50 other purpose by the general assembly, but shall be

**H-1616**

-152-

**H-1616**

Page 153

1 used only for the purposes set forth in this chapter.  
2 The treasurer of state shall act as custodian of the  
3 fund and disburse amounts contained in it as directed  
4 by the board including automatic disbursements of  
5 funds as received pursuant to the terms of bond  
6 indentures and documents and security provisions to  
7 trustees and custodians. The treasurer of state is  
8 authorized to invest the funds deposited in the fund  
9 at the direction of the board and subject to any  
10 limitations contained in any applicable bond  
11 proceedings. The income from such investment shall be  
12 credited to and deposited in the fund. The fund shall  
13 be administered by the board which shall make  
14 expenditures from the fund consistent with the  
15 purposes of the programs set out in this chapter  
16 without further appropriation. The fund may be  
17 divided into different accounts with different  
18 depositories as determined by the board and to fulfill  
19 the purposes of this chapter.

20 Sec. 208. Section 455G.6, subsection 4, Code 2003,  
21 is amended to read as follows:

22 4. Grant a mortgage, lien, pledge, assignment, or  
23 other encumbrance on one or more improvements,  
24 revenues, asset of right, accounts, or funds  
25 established or received in connection with the fund,  
26 including revenues derived from the use tax under  
27 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
28 and deposited in the fund or an account of the fund.

29 Sec. 209. Section 455G.8, subsection 2, Code 2003,  
30 is amended to read as follows:

31 2. USE TAX. The revenues derived from the use tax  
32 imposed under chapter 423, subchapter III. The  
33 proceeds of the use tax under section ~~423.24~~ 423.43,  
34 subsection 1, paragraph "a", shall be allocated,  
35 consistent with this chapter, among the fund's  
36 accounts, for debt service and other fund expenses,  
37 according to the fund budget, resolution, trust  
38 agreement, or other instrument prepared or entered  
39 into by the board or authority under direction of the  
40 board.

41 Sec. 210. Section 455G.9, subsection 2, Code 2003,  
42 is amended to read as follows:

43 2. REMEDIAL ACCOUNT FUNDING. The remedial account  
44 shall be funded by that portion of the proceeds of the  
45 use tax imposed under chapter 423, subchapter III, and  
46 other moneys and revenues budgeted to the remedial  
47 account by the board.

48 Sec. 211. Section 2.67, Code 2003, is repealed.

49 Sec. 212. CODE EDITOR DIRECTIVE. The Code editor  
50 is directed to transfer Code chapter 423A to Code

**H-1616**

-153-



**H-1616**

Page 154

1 chapter 421A and to transfer Code chapters 422A, 422B,  
2 422C, and 422E to Code chapters 423A, 423B, 423C, and  
3 423E, respectively. The Code editor is directed to  
4 correct Code references as required due to the changes  
5 made in this Act.

6 SALES TAX ADVISORY COUNCIL  
7 Sec. 213. IOWA STREAMLINED SALES TAX ADVISORY  
8 COUNCIL.

9 1. An Iowa streamlined sales tax advisory council  
10 is created. The advisory council shall review, study,  
11 and submit recommendations to the Iowa streamlined  
12 sales and use tax delegation regarding the proposed  
13 streamlined sales and use tax agreement formalized by  
14 the project's implementing sales on November 12, 2002,  
15 the proposed language conforming Iowa's sales and use  
16 tax to the national agreement, and the following  
17 issues:

- 18 a. Uniform definitions proposed in the current  
19 streamlined sales and use tax agreement and future  
20 proposals.
- 21 b. Effects upon taxability of items newly defined  
22 in Iowa.
- 23 c. Impacts upon business as a result of the  
24 streamlined sales and use tax.
- 25 d. Technology implementation issues.
- 26 e. Any other issues that are brought before the  
27 streamlined sales and use tax implementing state or  
28 the streamlined sales and use tax governing board.

29 2. The department shall provide administrative  
30 support to the Iowa streamlined sales tax advisory  
31 council. The advisory council shall be representative  
32 of Iowa's business community and economy when  
33 reviewing and recommending solutions to streamlined  
34 sales and use tax issues. The advisory council shall  
35 provide the general assembly and the governor with  
36 final recommendations made to the Iowa streamlined  
37 sales and use tax delegation upon the conclusion of  
38 each calendar year.

39 3. The director of revenue, in consultation with  
40 the Iowa taxpayers association and the Iowa  
41 association of business and industry, shall appoint  
42 members to the Iowa streamlined sales tax advisory  
43 council, which shall consist of the following members:

- 44 a. One member from the department of revenue and  
45 finance.
- 46 b. Three members representing small Iowa  
47 businesses, at least one of whom must be a retailer,  
48 and at least one of whom shall be a supplier.
- 49 c. Three members representing medium Iowa  
50 businesses, at least one of whom shall be a retailer,

**H-1616**

**H-1616**

Page 155

1 and at least one of whom shall be a supplier.

2 d. Three members representing large Iowa  
3 businesses, at least one of whom shall be a retailer,  
4 and at least one of whom shall be a supplier.

5 e. One member representing taxpayers as a whole.

6 f. One member representing the retail community as  
7 a whole.

8 g. Any other member the director of revenue and  
9 finance deems appropriate.

10 Sec. 214. EFFECTIVE DATE. Except for the section  
11 creating the Iowa streamlined sales tax advisory  
12 council, this division of this Act takes effect July  
13 1, 2004.

## DIVISION XVI

## WIND ENERGY PRODUCTION TAX CREDIT

16 Sec. 215. NEW SECTION. 422.11H WIND ENERGY  
17 PRODUCTION TAX CREDIT.

18 The taxes imposed under this division, less the  
19 credits allowed under sections 422.12 and 422.12B,  
20 shall be reduced by a wind energy production tax  
21 credit allowed under chapter 476B.

22 Sec. 216. Section 422.33, Code 2003, is amended by  
23 adding the following new subsection:

24 NEW SUBSECTION. 14. The taxes imposed under this  
25 division shall be reduced by a wind energy production  
26 tax credit allowed under chapter 476B.

27 Sec. 217. Section 422.60, Code 2003, is amended by  
28 adding the following new subsection:

29 NEW SUBSECTION. 7. The taxes imposed under this  
30 division shall be reduced by a wind energy production  
31 tax credit allowed under chapter 476B.

32 Sec. 218. NEW SECTION. 432.12D WIND ENERGY  
33 PRODUCTION TAX CREDIT.

34 The taxes imposed under this chapter shall be  
35 reduced by a wind energy production tax credit allowed  
36 under chapter 476B.

37 Sec. 219. NEW SECTION. 476B.1 DEFINITIONS.

38 For purposes of this chapter, unless the context  
39 otherwise requires:

40 1. "Board" means the utilities board within the  
41 utilities division of the department of commerce.

42 2. "Department" means the department of revenue  
43 and finance.

44 3. "Qualified electricity" means electricity  
45 produced from wind at a qualified facility.

46 4. "Qualified facility" means an electrical  
47 production facility that meets all of the following:

48 a. Produces electricity from wind.

49 b. Is located in Iowa.

50 c. Was originally placed in service on or after

**H-1616**

-155-

**H-1616**

Page 156

1 July 1, 2004, but before July 1, 2007.

2 Sec. 220. NEW SECTION. 476B.2 GENERAL RULE.

3 The owner of a qualified facility shall, for each  
4 kilowatt-hour of qualified electricity that the owner  
5 sells during the ten-year period beginning on the date  
6 the qualified facility was originally placed in  
7 service, be allowed a wind energy production tax  
8 credit to the extent provided in this chapter against  
9 the tax imposed in chapter 422, divisions II, III, and  
10 V, and chapter 432.

11 Sec. 221. NEW SECTION. 476B.3 CREDIT AMOUNT.

12 The wind energy production tax credit allowed under  
13 this chapter equals the product of one cent multiplied  
14 by the number of kilowatt-hours of qualified  
15 electricity sold by the owner during the taxable year.

16 Sec. 222. NEW SECTION. 476B.4 LIMITATIONS.

17 1. a. The wind energy production tax credit shall  
18 not be allowed for any kilowatt-hour of electricity  
19 produced on wind energy conversion property for which  
20 the owner has claimed or otherwise received for that  
21 property the benefit of special valuation under  
22 section 427B.26 or section 441.21, subsection 8, or  
23 the exemption from retail sales tax under section  
24 422.45, subsection 48.

25 b. The disallowance of the tax credit pursuant to  
26 paragraph "a" does not apply to an owner of a  
27 qualified facility that owns, directly or indirectly,  
28 in the aggregate, a total annual turbine nameplate  
29 capacity of all such property of less than one  
30 megawatt.

31 2. The wind energy production tax credit shall not  
32 be allowed for any kilowatt-hour of electricity that  
33 is sold to a related person. For purpose of this  
34 subsection, persons shall be treated as related to  
35 each other if such persons would be treated as a  
36 single employer under the regulations prescribed under  
37 section 52(b) of the Internal Revenue Code. In the  
38 case of a corporation that is a member of an  
39 affiliated group of corporations filing a consolidated  
40 return, such corporation shall be treated as selling  
41 electricity to an unrelated person if such electricity  
42 is sold to such a person by another member of such  
43 group.

44 Sec. 223. NEW SECTION. 476B.5 APPLICATION FOR  
45 TAX CREDIT CERTIFICATES.

46 1. To receive the wind energy production tax  
47 credit, an owner of the qualified facility must submit  
48 an application for a tax credit certificate to the  
49 board not later than thirty days after the close of  
50 its taxable year. The owner's application must

**H-1616**

-156-

**H-1616**

Page 157

1 contain, but need not be limited to, all of the  
2 following information: the owner's name, tax  
3 identification number, and address, the number of  
4 kilowatt-hours of qualified electricity sold by the  
5 owner during the preceding taxable year, the address  
6 of the qualified facility at which the qualified  
7 electricity was produced, a certified statement of the  
8 number, if any, of kilowatt-hours of electricity  
9 produced on wind energy conversion property for which  
10 the owner has claimed or otherwise received for that  
11 property the benefit of special valuation under  
12 section 427B.26 or section 441.21, subsection 8, or  
13 the exemption from the retail sales tax under section  
14 422.45, subsection 48, and the denomination that each  
15 tax credit certificate is to carry.

16 1A. In addition to the information required in  
17 subsection 1, the application shall specify the amount  
18 of property taxes imposed by the school district,  
19 city, and county on the wind energy conversion  
20 property payable during the owner's taxable year. The  
21 amount of property taxes imposed by the school  
22 district, city, and county on such property that is  
23 payable during the owner's taxable year shall be  
24 computed as follows:

25 a. If the fiscal year for which such property  
26 taxes are imposed ends during the taxable year, divide  
27 the property taxes imposed by the school district,  
28 city, and county payable in that fiscal year by twelve  
29 and multiply the resulting quotient by the number of  
30 months of the fiscal year ending in the taxable year.

31 b. If the fiscal year for which such property  
32 taxes are imposed begins, but does not end, during the  
33 taxable year, divide the property taxes imposed by the  
34 school district, city, and county payable in that  
35 fiscal year by twelve and multiply the resulting  
36 quotient by the number of months of the fiscal year  
37 ending in the taxable year.

38 c. Add the amounts determined pursuant to  
39 paragraphs "a" and "b".

40 The application shall also contain the name of the  
41 school district, city or cities, and county and the  
42 portion of the total amount of paragraph "c" that was  
43 imposed by each jurisdiction.

44 2. The board shall, in conjunction with the  
45 department, prescribe appropriate forms and  
46 instructions to enable owners to claim the tax credit  
47 allowed under this chapter. If the board prescribes  
48 these forms and instructions, an owner's application  
49 for a tax credit certificate shall not be valid unless  
50 made on and in accordance with these forms and

**H-1616**

-157-

**H-1616**

Page 158

1 instructions.

2 3. Within thirty days of the end of the owner's  
3 eleventh and twelfth taxable years with respect to the  
4 ownership of the qualified facility for which the  
5 owner had previously received a tax credit, the owner  
6 shall file with the board an "extra two year  
7 information form". The form shall contain all  
8 property tax information in subsection 1A and other  
9 information deemed appropriate by the board or  
10 treasurer of state for the owner's eleventh or twelfth  
11 taxable year, as applicable.

12 Sec. 224. NEW SECTION. 476B.6 ISSUANCE OF TAX  
13 CREDIT CERTIFICATES.

14 1. If the owner meets the criteria for eligibility  
15 for the wind energy production tax credit, the board  
16 shall determine the validity of the application and if  
17 valid, shall issue one or more tax credit certificates  
18 to the owner not later than thirty days after the  
19 application is submitted to the board. Each tax  
20 credit certificate must contain the owner's name,  
21 address, and tax identification number, amount of tax  
22 credits, and the expiration date of the tax credit  
23 certificate, which shall be seven years from its date  
24 of issuance and any other information required by the  
25 department. Once issued by the board, the tax credit  
26 certificate shall be binding on the board and the  
27 department and shall not be modified, terminated, or  
28 rescinded. Upon the issuance of the tax credit  
29 certificate, the board shall forward to the treasurer  
30 of state a copy of the information provided pursuant  
31 to section 476B.5, subsection 1A, containing the  
32 amount of property taxes payable during the owner's  
33 taxable year which were levied on wind energy  
34 conversion property for which the tax credit  
35 certificates were issued. The board shall also  
36 forward to the treasurer of state information provided  
37 pursuant to section 476B.5, subsection 3, containing  
38 the amount of property taxes payable during the  
39 eleventh or twelfth taxable year.

40 2. If the tax credit application is filed by a  
41 partnership, limited liability company, S corporation,  
42 estate, trust, or other reporting entity all of the  
43 income of which is taxed directly to its equity  
44 holders or beneficiaries, the tax credit certificate  
45 may, at the election of the owner, be issued directly  
46 to equity holders or beneficiaries of the owner in  
47 proportion to their pro rata share of the income of  
48 such entity. If the owner elects to have the tax  
49 credit certificate issued directly to its equity  
50 holders or beneficiaries, the owner must, in the

**H-1616**

-158-

**H-1616**

Page 159

1 application made under section 476B.5, identify its  
2 equity holders or beneficiaries, and the amount of  
3 such entity's income that is allocable to each equity  
4 holder or beneficiary.

5 Sec. 225. NEW SECTION. 476B.7 TRANSFER OF TAX  
6 CREDIT CERTIFICATES.

7 Wind energy production tax credit certificates  
8 issued under this chapter may be transferred to any  
9 person or entity. Within thirty days of transfer, the  
10 transferee must submit the transferred tax credit  
11 certificate to the board along with a statement  
12 containing the transferee's name, tax identification  
13 number, and address, and the denomination that each  
14 replacement tax credit certificate is to carry and any  
15 other information required by the department. Within  
16 thirty days of receiving the transferred tax credit  
17 certificate and the transferee's statement, the board  
18 shall issue one or more replacement tax credit  
19 certificates to the transferee. Each replacement  
20 certificate must contain the information required  
21 under section 476B.6 and must have the same expiration  
22 date that appeared in the transferred tax credit  
23 certificate. Tax credit certificate amounts of less  
24 than the minimum amount established by rule of the  
25 board shall not be transferable. A tax credit shall  
26 not be claimed by a transferee under this chapter  
27 until a replacement tax credit certificate identifying  
28 the transferee as the proper holder has been issued.

29 The tax credit shall only be transferred once. The  
30 transferee may use the amount of the tax credit  
31 transferred against the taxes imposed under chapter  
32 422, divisions II, III, and V, and chapter 432 for any  
33 tax year the original transferor could have claimed  
34 the tax credit. Any consideration received for the  
35 transfer of the tax credit shall not be included as  
36 income under chapter 422, divisions II, III, and V.  
37 Any consideration paid for the transfer of the tax  
38 credit shall not be deducted from income under chapter  
39 422, divisions II, III, and V.

40 Sec. 226. NEW SECTION. 476B.8 USE OF TAX CREDIT  
41 CERTIFICATES.

42 To claim a wind energy production tax credit under  
43 this chapter, a taxpayer must attach one or more tax  
44 credit certificates to the taxpayer's tax return. A  
45 tax credit certificate shall not be used or attached  
46 to a return filed prior to July 1, 2005. The tax  
47 credit certificate or certificates attached to the  
48 taxpayer's tax return shall be issued in the  
49 taxpayer's name, expire on or after the last day of  
50 the taxable year for which the taxpayer is claiming

**H-1616**

**H-1616**

Page 160

1 the tax credit, and show a tax credit amount equal to  
2 or greater than the tax credit claimed on the  
3 taxpayer's tax return. Any tax credit in excess of  
4 the taxpayer's tax liability for the taxable year may  
5 be credited to the taxpayer's tax liability for the  
6 following seven taxable years or until depleted,  
7 whichever is the earlier.

8 Sec. 227. NEW SECTION. 476B.9 REGISTRATION OF  
9 TAX CREDIT CERTIFICATES.

10 The board shall, in conjunction with the  
11 department, develop a system for the registration of  
12 the wind energy production tax credit certificates  
13 issued or transferred under this chapter and a system  
14 that permits verification that any tax credit claimed  
15 on a tax return is valid and that transfers of the tax  
16 credit certificates are made in accordance with the  
17 requirements of this chapter. The tax credit  
18 certificates issued under this chapter shall not be  
19 classified as a security pursuant to chapter 502.

20 Sec. 228. NEW SECTION. 476B.10 PAYMENT TO STATE  
21 OF PROPERTY TAXES COLLECTED.

22 1. a. By March 15 and September 15 of each year,  
23 the treasurer of state shall notify each school  
24 district, city, and county of the amount of property  
25 taxes imposed by the jurisdiction on wind energy  
26 conversion property for which tax credit certificates  
27 have been issued under this chapter. The amount of  
28 property taxes contained on the notice to the school  
29 district, city, or county shall equal the amounts  
30 received by the treasurer of state from the board  
31 since the treasurer of state last sent out notices  
32 pursuant to this subsection. The sending of a notice  
33 shall constitute a demand for the payment of an amount  
34 equal to the property taxes imposed on the wind energy  
35 conversion property as specified in the notice.

36 b. In addition to the amount of property taxes  
37 referred to in paragraph "a", the treasurer of state  
38 shall notify each school district, city, and county of  
39 the property taxes imposed on wind energy conversion  
40 property for the owner's eleventh or twelfth taxable  
41 year as specified pursuant to section 476B.5,  
42 subsection 3.

43 2. A school district, city, or county to which a  
44 notice under subsection 1 is sent shall remit to the  
45 treasurer of state the amount of property taxes  
46 imposed in the wind energy conversion property  
47 specified in the notice by the end of the third month  
48 following the month in which the notice is sent.

49 Interest for late payment shall be assessed at the  
50 rate specified in section 421.7 for each month,

**H-1616**

-160-

H-1616

Page 161

1 counting a part of a month a whole month, after the  
2 due date. Failure of the school district, city, or  
3 county to receive the notice is not a defense to the  
4 payment of the amount specified in the notice or for  
5 any interest for late payment.

6 3. A school district, city, or county that remits  
7 payments to the treasurer of state pursuant to  
8 subsection 2 in a fiscal year may adjust its budget or  
9 certified budget, notwithstanding any provision of  
10 law, to compensate for such payments.

11 Sec. 229. EFFECTIVE AND APPLICABILITY DATES.

12 1. Except for subsection 2, this division of this  
13 Act applies to tax years beginning on or after January  
14 1, 2004.

15 2. The section of this division of this Act  
16 enacting new Code section 476B.10, takes effect  
17 January 1, 2005.

18 DIVISION XVII  
19 EFFECTIVE DATE

20 Sec. 230. EFFECTIVE DATE. Unless otherwise  
21 provided in this Act, this Act takes effect July 1,  
22 2003."

23 2. Title page, by striking lines 1 through 15 and  
24 inserting the following: "An Act relating to economic  
25 development, financial, taxation, and regulatory  
26 matters, making and revising appropriations, modifying  
27 penalties, providing a fee, and including effective,  
28 applicability, and retroactive applicability  
29 provisions."

RECEIVED FROM THE SENATE

H-1616 FILED MAY 30, 2003

Adopted as amended (see 1617, 1618, 1619, 1620) 6/3/03  
(1621, and 1622)



Text: H01616

Text: H01618

Text: H01600 - H01699

Text: H Index

Bills and Amendments: General Index

Bill History: General Index

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# House Amendment 1617

## Amendment Text

PAG LIN

1 1 Amend the Senate amendment, H-1616, to House File  
1 2 683, as amended, passed, and reprinted by the House,  
1 3 as follows:  
1 4 #1. Page 3, by inserting after line 8 the  
1 5 following:  
1 6 "DEPARTMENT OF HUMAN SERVICES  
1 7 Sec. \_\_\_\_ COUNTY HOSPITALS. There is appropriated  
1 8 from the general fund of the state to the department  
1 9 of human services for the fiscal year beginning July  
1 10 1, 2003, and ending June 30, 2004, the following  
1 11 amount, or so much thereof as is necessary, for the  
1 12 purpose designated:  
1 13 For support of mental health care services provided  
1 14 to persons who are elderly or poor by county hospitals  
1 15 in counties having a population of two hundred twenty-  
1 16 five thousand or more:  
1 17 ..... \$ 312,000"  
1 18 #2. Page 6, by inserting after line 7 the  
1 19 following:  
1 20 "Sec. \_\_\_\_ Section 7J.1, subsection 1, as enacted  
1 21 by 2003 Iowa Acts, Senate File 453, section 32, and  
1 22 amended by 2003 Iowa Acts, Senate File 458, section  
1 23 85, is amended to read as follows:  
1 24 1. DESIGNATION OF CHARTER AGENCIES - PURPOSE.  
1 25 The governor may, by executive order, designate state  
1 26 departments or agencies, as described in section 7E.5,  
1 27 or the Iowa lottery authority established in chapter  
1 28 99G, other than the department of administrative  
1 29 services, if the department is established in law, or  
1 30 the department of management, as a charter agency by  
1 31 July 1, 2003. The designation of a charter agency  
1 32 shall be for a period of five years which shall  
1 33 terminate as of June 30, 2008. The purpose of  
1 34 designating a charter agency is to grant the agency  
1 35 additional authority as provided by this chapter while  
1 36 reducing the total appropriations to the agency."  
1 37 #3. Page 9, by inserting after line 35 the  
1 38 following:

1 39 "Sec. \_\_\_\_ . Section 422E.3A, subsection 3,  
1 40 paragraph a, as enacted by 2003 Iowa Acts, Senate File  
1 41 445, is amended to read as follows:

1 42 a. The director of revenue and finance by June 1  
1 43 preceding each fiscal year shall compute the  
1 44 guaranteed school infrastructure amount for each  
1 45 school district, each school district's sales tax  
1 46 capacity per student for each county, ~~the statewide~~  
1 47 ~~tax revenues per student,~~ and the supplemental school  
1 48 infrastructure amount for the coming fiscal year.

1 49 Sec. \_\_\_\_ . Section 422E.3A, subsection 3, paragraph  
1 50 b, subparagraph (3), as enacted by 2003 Iowa Acts,  
2 1 Senate File 445, is amended by striking the  
2 2 subparagraph and inserting in lieu thereof the  
2 3 following:

2 4 (3) "Statewide tax revenues per student" means  
2 5 five hundred seventy-five dollars per student. The  
2 6 general assembly shall review this amount annually to  
2 7 determine its appropriateness.

2 8 Sec. \_\_\_\_ . Section 422E.3A, subsection 5, as  
2 9 enacted by 2003 Iowa Acts, Senate File 445, is amended  
2 10 to read as follows:

2 11 5. In the case of a deficiency in the fund to pay  
2 12 the supplemental school infrastructure amounts in  
2 13 full, the amount available in the fund less the sales  
2 14 and services tax revenues for school infrastructure  
2 15 purposes attributed to each school district should be  
2 16 allocated based on the proportion of actual enrollment  
2 17 ~~in~~ of the district residing in a county where the  
2 18 sales and services tax for school infrastructure  
2 19 purposes has been imposed to the combined actual  
2 20 enrollment in the counties where the sales and  
2 21 services tax for school infrastructure purposes has  
2 22 been imposed and, residing in such counties, of the  
2 23 school districts in the counties that qualify for the  
2 24 supplemental school infrastructure amount. However, a  
2 25 school district shall not receive more than its  
2 26 supplemental school infrastructure amount. Any amount  
2 27 in excess of a school district's supplemental school  
2 28 infrastructure amount shall be distributed to the  
2 29 other school districts eligible to receive  
2 30 distributions pursuant to this subsection.

2 31 Sec. \_\_\_\_ . Section 422E.3A, subsection 6,  
2 32 unnumbered paragraph 1, as enacted by 2003 Iowa Acts,  
2 33 Senate File 445, is amended to read as follows:

2 34 A school district ~~with less than two hundred fifty~~  
2 35 ~~actual enrollment or less than one hundred actual~~  
2 36 ~~enrollment in the high school~~ shall not expend the  
2 37 supplemental school infrastructure amount received for  
2 38 new construction or for payments for bonds issued for  
2 39 new construction against the supplemental school  
2 40 infrastructure amount without prior application to the  
2 41 department of education and receipt of a certificate  
2 42 of need pursuant to this subsection. However, a  
2 43 certificate of need is not required for the payment of  
2 44 outstanding bonds issued for new construction pursuant  
2 45 to section 296.1, before April 1, 2003. A certificate  
2 46 of need is also not required for repairing  
2 47 schoolhouses or buildings, equipment, technology, or  
2 48 transportation equipment for transporting students as

2 49 provided in section 298.3, or for construction  
 2 50 necessary for compliance with the federal Americans  
 3 1 With Disabilities Act pursuant to 42 U.S.C. ) 12101-  
 3 2 12117. In determining whether a certificate of need  
 3 3 shall be issued or denied, the department shall  
 3 4 consider all of the following:"  
 3 5 #4. Page 10, by striking lines 32 through 49.  
 3 6 #5. By striking page 11, line 34 through page 13,  
 3 7 line 8.  
 3 8 #6. Page 16, by striking lines 9 through 17.  
 3 9 #7. Page 17, by striking lines 41 and 42.  
 3 10 #8. By striking page 18, line 7 through page 21,  
 3 11 line 26.  
 3 12 #9. By striking page 29, line 27, through page 44,  
 3 13 line 4, and inserting the following:

DIVISION VII

ECONOMIC DEVELOPMENT APPROPRIATIONS

Sec. \_\_\_\_ . MARKETING APPROPRIATION.

3 17 1. There is appropriated from the grow Iowa values  
 3 18 fund created in section 15G.107, if enacted by 2003  
 3 19 Iowa Acts, House File 692 or another Act, to the  
 3 20 department of economic development, for the fiscal  
 3 21 period beginning July 1, 2003, and ending June 30,  
 3 22 2006, the following amounts, or so much thereof as is  
 3 23 necessary, to be used for the purpose designated:

3 24 For implementing and administering the marketing  
 3 25 strategy approved under section 15G.108, if enacted by  
 3 26 2003 Iowa Acts, House File 692 or another Act:  
 3 27 FY 2003-2004..... \$ 2,500,000  
 3 28 FY 2004-2005..... \$ 7,500,000  
 3 29 FY 2005-2006..... \$ 10,000,000

3 30 2. Notwithstanding section 8.33, moneys that  
 3 31 remain unexpended at the end of a fiscal year shall  
 3 32 not revert to any fund but shall remain available for  
 3 33 expenditure for the designated purposes during the  
 3 34 succeeding fiscal year.

Sec. \_\_\_\_ . DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.

3 37 1. There is appropriated from the grow Iowa values  
 3 38 fund created in section 15G.107, if enacted by 2003  
 3 39 Iowa Acts, House File 692 or another Act, to the  
 3 40 department of economic development for the fiscal  
 3 41 period beginning July 1, 2003, and ending June 30,  
 3 42 2007, the following amounts, or so much thereof as is  
 3 43 necessary, to be used for the purpose designated:

3 44 For programs administered by the department of  
 3 45 economic development:  
 3 46 FY 2003-2004..... \$ 45,000,000  
 3 47 FY 2004-2005..... \$ 41,000,000  
 3 48 FY 2005-2006..... \$ 44,000,000  
 3 49 FY 2006-2007..... \$ 48,000,000

3 50 2. Notwithstanding section 8.33, moneys that  
 4 1 remain unexpended at the end of a fiscal year shall  
 4 2 not revert to any fund but shall remain available for  
 4 3 expenditure for the designated purposes during the  
 4 4 succeeding fiscal year.

4 5 3. Each year that moneys are appropriated under  
 4 6 this section, the grow Iowa values board shall  
 4 7 allocate a percentage of the moneys for each of the  
 4 8 following types of activities:

4 9 a. Business start-ups.  
4 10 b. Business expansion.  
4 11 c. Business modernization.  
4 12 d. Business attraction.  
4 13 e. Business retention.  
4 14 f. Marketing.

4 15 4. An applicant for moneys appropriated under this  
4 16 section shall be required by the department to include  
4 17 in the application a statement regarding the intended  
4 18 return on investment. A recipient of moneys  
4 19 appropriated under this section shall annually submit  
4 20 a statement to the department regarding the progress  
4 21 achieved on the intended return on investment stated  
4 22 in the application. The department, in cooperation  
4 23 with the department of revenue and finance, shall  
4 24 develop a method of identifying and tracking each new  
4 25 job created through financial assistance from moneys  
4 26 appropriated under this section.

4 27 5. The department may use moneys appropriated  
4 28 under this section to procure technical assistance  
4 29 from either the public or private sector, for  
4 30 information technology purposes, and for rail, air, or  
4 31 river port transportation-related purposes. The use  
4 32 of moneys appropriated for rail, air, or river port  
4 33 transportation-related purposes must be directly  
4 34 related to an economic development project and the  
4 35 moneys must be used to leverage other financial  
4 36 assistance moneys.

4 37 6. Of the moneys appropriated under this section,  
4 38 the department may use one-half of one percent for  
4 39 administrative purposes.

4 40 7. The grow Iowa values board is required to  
4 41 approve or deny applications for financial assistance  
4 42 from moneys appropriated under this section.

4 43 Sec. \_\_\_\_ . UNIVERSITY AND COLLEGE FINANCIAL  
4 44 ASSISTANCE APPROPRIATION.

4 45 1. There is appropriated from the grow Iowa values  
4 46 fund created in section 15G.107, if enacted by 2003  
4 47 Iowa Acts, House File 692 or another Act, to the grow  
4 48 Iowa values board for the fiscal period beginning July  
4 49 1, 2003, and ending June 30, 2007, the following  
4 50 amounts, or so much thereof as is necessary, to be  
5 1 used for the purposes designated:

5 2 For financial assistance for institutions of higher  
5 3 learning under the control of the state board of  
5 4 regents and for accredited private institutions as  
5 5 defined in section 261.9 for multiuse, goods  
5 6 manufacturing processes approved by the food and drug  
5 7 administration of the United States department of  
5 8 health and human services, protein purification  
5 9 facilities for plant, animal, and chemical  
5 10 manufactured proteins; accelerating new business  
5 11 creation; innovation accelerators and business parks;  
5 12 incubator facilities; upgrading food and drug  
5 13 administration drug approval laboratories in Iowa City  
5 14 to a larger multiclient, goods manufacturing processes  
5 15 facility; crop and animal livestock facilities for the  
5 16 growing of transgenic crops and livestock, protein  
5 17 extraction facilities, containment facilities, and  
5 18 bioanalytical, biochemical, chemical, and

5 19 microbiological support facilities; a national center  
 5 20 for food safety and security; and advanced laboratory  
 5 21 space:  
 5 22 FY 2003-2004..... \$ 6,000,000  
 5 23 FY 2004-2005..... \$ 7,000,000  
 5 24 FY 2005-2006..... \$ 7,000,000  
 5 25 FY 2006-2007..... \$ 7,000,000

5 26 2. Notwithstanding section 8.33, moneys that  
 5 27 remain unexpended at the end of a fiscal year shall  
 5 28 not revert to any fund but shall remain available for  
 5 29 expenditure for the designated purposes during the  
 5 30 succeeding fiscal year.

5 31 3. In the distribution of moneys appropriated  
 5 32 pursuant to this section, the grow Iowa values board  
 5 33 shall examine the potential for using moneys  
 5 34 appropriated pursuant to this section to leverage  
 5 35 other moneys for financial assistance to accredited  
 5 36 private institutions.

5 37 4. In awarding moneys appropriated pursuant to  
 5 38 this section, the grow Iowa values board shall  
 5 39 consider whether the purchase of suitable existing  
 5 40 infrastructure is more cost-efficient than building  
 5 41 new infrastructure.

5 42 5. An institution of higher learning under the  
 5 43 control of the state board of regents may apply to use  
 5 44 financial assistance moneys under this section for  
 5 45 purposes of a public and private joint venture to  
 5 46 acquire infrastructure assets or research facilities  
 5 47 or to leverage moneys in a manner consistent with  
 5 48 meeting the goals and performance measures provided in  
 5 49 section 15G.106, if enacted by 2003 Iowa Acts, House  
 5 50 File 692 or another Act.

6 1 6. Of the moneys appropriated under this section  
 6 2 and provided applications are submitted meeting the  
 6 3 requirements of the grow Iowa values board, not less  
 6 4 than \$10,000,000 in financial assistance shall be  
 6 5 awarded to the university of Iowa, not less than  
 6 6 \$10,000,000 in financial assistance shall be awarded  
 6 7 to Iowa state university of science and technology,  
 6 8 and not less than \$5,000,000 in financial assistance  
 6 9 shall be awarded to the university of northern Iowa.

6 10 Sec. \_\_\_\_ REHABILITATION PROJECT TAX CREDITS  
 6 11 APPROPRIATION.

6 12 1. There is appropriated from the grow Iowa values  
 6 13 fund created in section 15G.107, if enacted by 2003  
 6 14 Iowa Acts, House File 692 or another Act, to the  
 6 15 general fund of the state, for the fiscal period  
 6 16 beginning July 1, 2005, and ending June 30, 2007, the  
 6 17 following amounts, or so much thereof as is necessary,  
 6 18 to be used for the purpose designated:

6 19 For payment of tax credits approved pursuant to  
 6 20 section 404A.4 for projects located in certified  
 6 21 cultural and entertainment districts:  
 6 22 FY 2005-2006..... \$ 500,000  
 6 23 FY 2006-2007..... \$ 500,000

6 24 2. Notwithstanding section 8.33, moneys that  
 6 25 remain unexpended at the end of a fiscal year shall  
 6 26 not revert to any fund but shall remain available for  
 6 27 expenditure for the designated purposes during the  
 6 28 succeeding fiscal year.

6 29 Sec. \_\_\_\_ . LOAN AND CREDIT GUARANTEE FUND

6 30 APPROPRIATION.

6 31 1. There is appropriated from the grow Iowa values  
6 32 fund created in section 15G.107, if enacted by 2003  
6 33 Iowa Acts, House File 692 or another Act, to the  
6 34 department of economic development for the fiscal  
6 35 period beginning July 1, 2003, and ending June 30,  
6 36 2007, the following amounts, or so much thereof as is  
6 37 necessary, to be used for the purpose designated:

6 38 For deposit in the loan and credit guarantee fund  
6 39 created in section 15E.227:

6 40	FY 2003-2004.....	\$	2,500,000
6 41	FY 2004-2005.....	\$	5,000,000
6 42	FY 2005-2006.....	\$	7,500,000
6 43	FY 2006-2007.....	\$	7,500,000

6 44 2. Notwithstanding section 8.33, moneys that  
6 45 remain unexpended at the end of a fiscal year shall  
6 46 not revert to any fund but shall remain available for  
6 47 expenditure for the designated purpose during the  
6 48 succeeding fiscal year.

6 49 Sec. \_\_\_\_ . ENDOW IOWA TAX CREDITS.

6 50 1. There is appropriated from the grow Iowa values  
7 1 fund created in section 15G.107, if enacted by 2003  
7 2 Iowa Acts, House File 692 or another Act, to the  
7 3 general fund of the state, for the fiscal period  
7 4 beginning July 1, 2004, and ending June 30, 2007, the  
7 5 following amounts, or so much thereof as is necessary,  
7 6 to be used for the purpose designated:

7 7 For payment of endow Iowa tax credits authorized  
7 8 pursuant to section 15E.305:

7 9	FY 2004-2005.....	\$	250,000
7 10	FY 2005-2006.....	\$	250,000
7 11	FY 2006-2007.....	\$	500,000

7 12 2. Notwithstanding section 8.33, moneys that  
7 13 remain unexpended at the end of a fiscal year shall  
7 14 not revert to any fund but shall remain available for  
7 15 expenditure for the designated purposes during the  
7 16 succeeding fiscal year.

7 17 Sec. \_\_\_\_ . ENDOW IOWA GRANTS APPROPRIATION.

7 18 1. There is appropriated from the grow Iowa values  
7 19 fund created in section 15G.107, if enacted by 2003  
7 20 Iowa Acts, House File 692 or another Act, to the  
7 21 department of economic development for the fiscal  
7 22 period beginning July 1, 2004, and ending June 30,  
7 23 2007, the following amounts, or so much thereof as is  
7 24 necessary, to be used for the purpose designated:

7 25 For endow Iowa grants to lead philanthropic  
7 26 entities pursuant to section 15E.304:

7 27	FY 2004-2005.....	\$	250,000
7 28	FY 2005-2006.....	\$	250,000
7 29	FY 2006-2007.....	\$	500,000

7 30 2. Notwithstanding section 8.33, moneys that  
7 31 remain unexpended at the end of a fiscal year shall  
7 32 not revert to any fund but shall remain available for  
7 33 expenditure for the designated purposes during the  
7 34 succeeding fiscal year.

7 35 Sec. \_\_\_\_ . STATE PARKS AND DESTINATION PARKS

7 36 APPROPRIATION.

7 37 1. There is appropriated from the grow Iowa values  
7 38 fund created in section 15G.107, if enacted by 2003

7 39 Iowa Acts, House File 692 or another Act, to the grow  
 7 40 Iowa values board for the fiscal period beginning July  
 7 41 1, 2003, and ending June 30, 2007, the following  
 7 42 amount, or so much thereof as is necessary, to be used  
 7 43 for the purpose designated:

7 44 For the purpose of providing financial assistance  
 7 45 for projects in targeted state parks and destination  
 7 46 parks:  
 7 47 FY 2003-2004..... \$ 500,000  
 7 48 FY 2004-2005..... \$ 0  
 7 49 FY 2005-2006..... \$ 0  
 7 50 FY 2006-2007..... \$ 500,000

8 1 2. Notwithstanding section 8.33, moneys that  
 8 2 remain unexpended at the end of a fiscal year shall  
 8 3 not revert to any fund but shall remain available for  
 8 4 expenditure for the designated purposes during the  
 8 5 succeeding fiscal year.

8 6 3. The department of natural resources, in  
 8 7 cooperation with the department of economic  
 8 8 development, shall submit a plan to the grow Iowa  
 8 9 values board for the expenditure of moneys  
 8 10 appropriated under this section. The plan shall focus  
 8 11 on improving state parks and destination parks for  
 8 12 economic development purposes. Based on the report  
 8 13 submitted, the grow Iowa values board shall provide  
 8 14 financial assistance to the department of natural  
 8 15 resources for support of state parks and destination  
 8 16 parks.

8 17 Sec. \_\_\_\_ . IOWA CULTURAL TRUST FUND APPROPRIATION.

8 18 1. There is appropriated from the grow Iowa values  
 8 19 fund created in section 15G.107, if enacted by 2003  
 8 20 Iowa Acts, House File 692 or another Act, to the  
 8 21 office of the treasurer of state, for the fiscal  
 8 22 period beginning July 1, 2003, and ending June 30,  
 8 23 2007, the following amount, or so much thereof as is  
 8 24 necessary, to be used for the purpose designated:

8 25 For deposit in the Iowa cultural trust fund created  
 8 26 in section 303A.4:  
 8 27 FY 2003-2004..... \$ 500,000  
 8 28 FY 2004-2005..... \$ 0  
 8 29 FY 2005-2006..... \$ 0  
 8 30 FY 2006-2007..... \$ 500,000

8 31 2. Notwithstanding section 8.33, moneys that  
 8 32 remain unexpended at the end of a fiscal year shall  
 8 33 not revert to any fund but shall remain available for  
 8 34 expenditure for the designated purposes during the  
 8 35 succeeding fiscal year.

8 36 Sec. \_\_\_\_ . ANTICIPATED FEDERAL MONEYS -  
 8 37 APPROPRIATION.

8 38 1. There is appropriated from the fund created by  
 8 39 section 8.41, for the fiscal period beginning July 1,  
 8 40 2003, and ending June 30, 2005, the following amounts  
 8 41 to be used for the purpose designated:

8 42 For deposit in the grow Iowa values fund created in  
 8 43 section 15G.107, if enacted by 2003 Iowa Acts, House  
 8 44 File 692 or another Act:  
 8 45 FY 2003-2004..... \$ 59,000,000  
 8 46 FY 2004-2005..... \$ 41,000,000

8 47 2. Moneys appropriated in this section are moneys  
 8 48 anticipated to be received from the federal government

8 49 for state and local government fiscal relief under the  
8 50 federal Jobs and Growth Tax Relief Reconciliation Act  
9 1 of 2003 and shall be expended as provided in the  
9 2 federal law making the moneys available and in  
9 3 conformance with chapter 17A.

9 4 3. Notwithstanding section 8.33, moneys that  
9 5 remain unexpended at the end of a fiscal year shall  
9 6 not revert to any fund but shall remain available for  
9 7 expenditure for the designated purposes during the  
9 8 succeeding fiscal year.

9 9 Sec. \_\_\_\_ . STREAMLINED SALES AND USE TAX REVENUE -  
9 10 APPROPRIATION.

9 11 1. There is appropriated from the general fund of  
9 12 the state from moneys credited to the general fund of  
9 13 the state as a result of entering into the streamlined  
9 14 sales and use tax agreement, for the fiscal period  
9 15 beginning July 1, 2003, and ending June 30, 2010, the  
9 16 following amounts to be used for the purpose  
9 17 designated:

9 18 For deposit in the grow Iowa values fund created in  
9 19 section 15G.107, if enacted by 2003 Iowa Acts, House  
9 20 File 692 or another Act:

9 21 FY 2003-2004.....	\$ 5,000,000
9 22 FY 2004-2005.....	\$ 23,000,000
9 23 FY 2005-2006.....	\$ 75,000,000
9 24 FY 2006-2007.....	\$ 75,000,000
9 25 FY 2007-2008.....	\$ 75,000,000
9 26 FY 2008-2009.....	\$ 75,000,000
9 27 FY 2009-2010.....	\$ 75,000,000

9 28 2. For purposes of this section, "moneys credited  
9 29 to the general fund of the state as a result of  
9 30 entering into the streamlined sales and use tax  
9 31 agreement" means the amount of sales and use tax  
9 32 receipts credited to the general fund of the state  
9 33 during a fiscal year that exceeds by two percent or  
9 34 more the total sales and use tax receipts credited to  
9 35 the general fund of the state during the previous  
9 36 fiscal year.

9 37 a. If the moneys credited to the general fund of  
9 38 the state as a result of entering into the streamlined  
9 39 sales and use tax agreement during a fiscal year total  
9 40 less than the amount appropriated in this section, the  
9 41 appropriation in this section shall be reduced to  
9 42 equal the total amount of the moneys so credited.

9 43 b. If the appropriation for a fiscal year is  
9 44 reduced pursuant to paragraph "a", all appropriations  
9 45 made from the grow Iowa values fund for the same  
9 46 fiscal year shall be reduced proportionately to the  
9 47 amount reduced due to paragraph "a".

9 48 3. Notwithstanding section 8.33, moneys that  
9 49 remain unexpended at the end of a fiscal year shall  
9 50 not revert to any fund but shall remain available for  
10 1 expenditure for the designated purposes during the  
10 2 succeeding fiscal year.

10 3 DIVISION VIII

10 4 WORKFORCE-RELATED ISSUES

10 5 Sec. \_\_\_\_ . NEW SECTION. 260C.18A WORKFORCE  
10 6 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

10 7 1. a. A workforce training and economic  
10 8 development fund is created for each community



10 9 college. Moneys shall be deposited and expended from  
10 10 a fund as provided under this section.

10 11 b. Moneys in the funds shall consist of any moneys  
10 12 appropriated by the general assembly and any other  
10 13 moneys available to and obtained or accepted by the  
10 14 department of economic development from federal  
10 15 sources or private sources for placement in the funds.  
10 16 Notwithstanding section 8.33, moneys in the funds at  
10 17 the end of each fiscal year shall not revert to any  
10 18 other fund but shall remain in the funds for  
10 19 expenditure in subsequent fiscal years.

10 20 2. On July 1 of each year for the fiscal year  
10 21 beginning July 1, 2003, and for every fiscal year  
10 22 thereafter, moneys from the grow Iowa values fund  
10 23 created in section 15G.107, if enacted by 2003 Iowa  
10 24 Acts, House File 692 or another Act, are appropriated  
10 25 to the department of economic development for deposit  
10 26 in the workforce training and economic development  
10 27 funds in amounts determined pursuant to subsection 3.  
10 28 Moneys deposited in the funds and disbursed to  
10 29 community colleges for a fiscal year shall be expended  
10 30 for the following purposes, provided seventy percent  
10 31 of the moneys shall be used on projects in the areas  
10 32 of advanced manufacturing, information technology and  
10 33 insurance, and life sciences which include the areas  
10 34 of biotechnology, health care technology, and nursing  
10 35 care technology:

10 36 a. Projects in which an agreement between a  
10 37 community college and an employer located within the  
10 38 community college's merged area meet all of the  
10 39 requirements of the accelerated career education  
10 40 program under chapter 260G. Notwithstanding section  
10 41 260G.4B, projects funded with moneys from workforce  
10 42 training and economic development funds shall be  
10 43 approved by the grow Iowa values board established in  
10 44 section 15G.102.

10 45 b. Projects in which an agreement between a  
10 46 community college and a business meet all the  
10 47 requirements of the Iowa jobs training Act under  
10 48 chapter 260F. However, when moneys are provided  
10 49 through the grow Iowa values fund for such projects,  
10 50 section 260F.6, subsections 1 and 2, and section  
11 1 260F.8 shall not apply and projects shall be approved  
11 2 by the grow Iowa values board.

11 3 c. For the development and implementation of  
11 4 career academies designed to provide new career  
11 5 preparation opportunities for high school students  
11 6 that are formally linked with postsecondary career and  
11 7 technical education programs. Moneys from workforce  
11 8 training and economic development funds that are  
11 9 expended for purposes of this paragraph shall be  
11 10 approved by the grow Iowa values board established in  
11 11 section 15G.102. For purposes of this section,  
11 12 "career academy" means a program of study that  
11 13 combines a minimum of two years of secondary education  
11 14 with an associate degree, or the equivalent, career  
11 15 preparatory program in a nonduplicative, sequential  
11 16 course of study that is standards based, integrates  
11 17 academic and technical instruction, utilizes work-  
11 18 based and worksite learning where appropriate and

11 19 available, utilizes an individual career planning  
11 20 process with parent involvement, and leads to an  
11 21 associate degree or postsecondary diploma or  
11 22 certificate in a career field that prepares an  
11 23 individual for entry and advancement in a high-skill  
11 24 and reward career field and further education. The  
11 25 department of economic development, in conjunction  
11 26 with the state board of education and the division of  
11 27 community colleges and workforce preparation of the  
11 28 department of education, shall adopt administrative  
11 29 rules for the development and implementation of such  
11 30 career academies pursuant to section 256.11,  
11 31 subsection 5, paragraph "h", section 260C.1, and Title  
11 32 II of Pub. L. No. 105-332, Carl D. Perkins Vocational  
11 33 and Technical Education Act of 1998.

11 34 d. Programs and courses that provide vocational  
11 35 and technical training, and programs for in-service  
11 36 training and retraining under section 260C.1,  
11 37 subsections 2 and 3.

11 38 e. Job retention projects under section 260F.9.

11 39 3. Of the moneys appropriated in this section, for  
11 40 the fiscal period beginning July 1, 2003, and ending  
11 41 June 30, 2006, the following amounts shall be  
11 42 designated for the purposes of funding job retention  
11 43 projects under section 260F.9:

11 44 a. One million dollars for the fiscal year  
11 45 beginning July 1, 2003.

11 46 b. One million dollars for the fiscal year  
11 47 beginning July 1, 2004.

11 48 c. One million dollars for the fiscal year  
11 49 beginning July 1, 2005.

11 50 4. The maximum cumulative total amount of moneys  
12 1 that may be deposited in all the workforce training  
12 2 and economic development funds for distribution to  
12 3 community colleges in a fiscal year shall be  
12 4 determined as follows:

12 5 a. Five million dollars for the fiscal year  
12 6 beginning July 1, 2003.

12 7 b. Five million dollars for the fiscal year  
12 8 beginning July 1, 2004.

12 9 c. Five million dollars for the fiscal year  
12 10 beginning July 1, 2005.

12 11 d. Ten million dollars for the fiscal year  
12 12 beginning July 1, 2006.

12 13 e. For the fiscal year beginning July 1, 2007, and  
12 14 each succeeding fiscal year, the grow Iowa values  
12 15 board shall make a determination if sufficient moneys  
12 16 exist in the grow Iowa values fund to distribute to  
12 17 community colleges.

12 18 Sec. \_\_\_\_ . NEW SECTION. 260F.9 JOB RETENTION  
12 19 PROGRAM.

12 20 1. The department of economic development shall  
12 21 administer the job retention program. The department  
12 22 shall adopt rules pursuant to chapter 17A necessary  
12 23 for the administration of this section. By January 15  
12 24 of each year, the department shall submit a written  
12 25 report to the general assembly and the governor  
12 26 regarding the activities of the job retention program  
12 27 during the previous calendar year.

12 28 2. A community college and the department may

12 29 enter into an agreement to establish a job retention  
12 30 project. A job retention project agreement shall  
12 31 include, but not be limited to, the following:  
12 32 a. The date of the agreement.  
12 33 b. The anticipated number of employees to be  
12 34 trained.  
12 35 c. The estimated cost of training.  
12 36 d. A statement regarding the number of employees  
12 37 employed by the participating business on the date of  
12 38 the agreement which must equal at least the lesser of  
12 39 one thousand employees or four percent or more of the  
12 40 county's resident labor force based on the most recent  
12 41 annual labor force statistics from the department of  
12 42 workforce development.  
12 43 e. A commitment that the participating business  
12 44 shall invest at least fifteen million dollars to  
12 45 retool the workplace and upgrade the facilities of the  
12 46 participating business.  
12 47 f. A commitment that the participating business  
12 48 shall not move the business operation out of this  
12 49 state or close the business operation for at least ten  
12 50 years following the date of the agreement.  
13 1 g. Other criteria established by the department of  
13 2 economic development.  
13 3 3. A job retention project agreement entered into  
13 4 pursuant to this section must be approved by the board  
13 5 of trustees of the applicable community college, the  
13 6 department of economic development, and the  
13 7 participating business.  
13 8 Sec. \_\_\_\_ . NEW SECTION. 260F.101 REPORTING.  
13 9 A community college entering into an agreement  
13 10 pursuant to this chapter shall submit an annual  
13 11 written report by the end of each calendar year with  
13 12 the grow Iowa values board created in section 15G.102,  
13 13 if enacted by 2003 Iowa Acts, House File 692 or  
13 14 another Act. The report shall provide information  
13 15 regarding how the agreement affects the achievement of  
13 16 the goals and performance measures provided in section  
13 17 15G.106, if enacted by 2003 Iowa Acts, House File 692  
13 18 or another Act.  
13 19 Sec. \_\_\_\_ . Section 260G.3, subsection 2, Code 2003,  
13 20 is amended to read as follows:  
13 21 2. An agreement may include reasonable and  
13 22 necessary provisions to implement the accelerated  
13 23 career education program. If an agreement that  
13 24 utilizes program job credits is entered into, the  
13 25 community college and the employer shall notify the  
13 26 department of revenue and finance as soon as possible.  
13 27 The community college shall also file a copy of the  
13 28 agreement with the department of economic development  
13 29 as required in section 260G.4B. The agreement shall  
13 30 provide for program costs, including deferred costs,  
13 31 which may be paid from any of the following sources:  
13 32 a. Program job credits which the employer receives  
13 33 based on the number of program job positions agreed to  
13 34 by the employer to be available under the agreement.  
13 35 b. Cash or in-kind contributions by the employer  
13 36 toward the program cost. At a minimum, the employer  
13 37 contribution shall be twenty percent of the program  
13 38 costs.

13 39 c. Tuition, student fees, or special charges fixed  
 13 40 by the board of directors to defray program costs.  
 13 41 d. Guarantee by the employer of payments to be  
 13 42 received under paragraphs "a" and "b".  
 13 43 e. Moneys from a workforce training and economic  
 13 44 development fund created in section 260C.18A, based on  
 13 45 the number of program job positions agreed to by the  
 13 46 employer to be available under the agreement, the  
 13 47 amount of which shall be calculated in the same manner  
 13 48 as the program job credits provided for in section  
 13 49 260G.4A.

13 50 Sec. \_\_\_\_ . NEW SECTION. 260G.101 REPORTING.  
 14 1 A community college entering into an agreement  
 14 2 pursuant to this chapter shall submit an annual  
 14 3 written report by the end of each calendar year with  
 14 4 the grow Iowa values board created in section 15G.102,  
 14 5 if enacted by 2003 Iowa Acts, House File 692 or  
 14 6 another Act. The report shall provide information  
 14 7 regarding how the agreement affects the achievement of  
 14 8 the goals and performance measures provided in section  
 14 9 15G.106, if enacted by 2003 Iowa Acts, House File 692  
 14 10 or another Act.

14 11 DIVISION IX

14 12 LOAN AND CREDIT GUARANTEE FUND

14 13 Sec. \_\_\_\_ . NEW SECTION. 15E.227 LOAN AND CREDIT  
 14 14 GUARANTEE FUND.  
 14 15 1. A loan and credit guarantee fund is created and  
 14 16 established as a separate and distinct fund in the  
 14 17 state treasury. Moneys in the fund shall only be used  
 14 18 for purposes provided in this section. The moneys in  
 14 19 the fund are appropriated to the department to be used  
 14 20 for all of the following purposes:  
 14 21 a. Payment of claims pursuant to loan and credit  
 14 22 guarantee agreements entered into under this division.  
 14 23 b. Payment of administrative costs of the  
 14 24 department for actual and necessary administrative  
 14 25 expenses incurred by the department in administering  
 14 26 the program.  
 14 27 c. Purchase or buyout of superior or prior liens,  
 14 28 mortgages, or security interests.  
 14 29 d. Purchase of insurance to cover the default of  
 14 30 loans made pursuant to the requirements of the loan  
 14 31 and credit guarantee program.

14 32 2. Moneys in the loan and credit guarantee fund  
 14 33 shall consist of all of the following:  
 14 34 a. Moneys appropriated by the general assembly for  
 14 35 that purpose and any other moneys available to and  
 14 36 obtained or accepted by the department for placement  
 14 37 in the fund.  
 14 38 b. Proceeds from collateral assigned to the  
 14 39 department, fees for guarantees, gifts, and moneys  
 14 40 from any grant made to the fund by any federal agency.  
 14 41 c. Moneys appropriated from the grow Iowa values  
 14 42 fund created in section 15G.107, if enacted by 2003  
 14 43 Iowa Acts, House File 692 or another Act.  
 14 44 3. Moneys in the fund are not subject to section  
 14 45 8.33. Notwithstanding section 12C.7, interest or  
 14 46 earnings on the moneys in the fund shall be credited  
 14 47 to the fund.  
 14 48 4. a. The department shall only pledge moneys in

14 49 the loan and credit guarantee fund and not any other  
 14 50 moneys of the department. In a fiscal year, the  
 15 1 department may pledge an amount not to exceed the  
 15 2 total amount appropriated to the fund for the same  
 15 3 fiscal year to assure the repayment of loan and credit  
 15 4 guarantees or other extensions of credit made to or on  
 15 5 behalf of qualified businesses or targeted industry  
 15 6 businesses for eligible project costs.

15 7 b. The department shall not pledge the credit or  
 15 8 taxing power of this state or any political  
 15 9 subdivision of this state or make debts payable out of  
 15 10 any moneys except for those in the loan and credit  
 15 11 guarantee fund.

15 12 DIVISION X

15 13 UNIVERSITY-BASED RESEARCH UTILIZATION

15 14 PROGRAM APPROPRIATION

15 15 Sec. \_\_\_\_ . NEW SECTION. 262B.12 APPROPRIATION.

15 16 On July 1 of each year there is appropriated from  
 15 17 the general fund of the state to each university under  
 15 18 the control of the state board of regents, an amount  
 15 19 equal to the amount determined by the department of  
 15 20 economic development pursuant to section 262B.11,  
 15 21 subsection 4, paragraph "c", subparagraph (2), if  
 15 22 enacted by 2003 Iowa Acts, House File 692 or another  
 15 23 Act.

15 24 DIVISION XI

15 25 ENDOW IOWA TAX CREDIT

15 26 Sec. \_\_\_\_ . NEW SECTION. 15E.305 ENDOW IOWA TAX  
 15 27 CREDIT.

15 28 1. For tax years beginning on or after January 1,  
 15 29 2003, a tax credit shall be allowed against the taxes  
 15 30 imposed in chapter 422, divisions II, III, and V, and  
 15 31 in chapter 432, and against the moneys and credits tax  
 15 32 imposed in section 533.24 equal to twenty percent of a  
 15 33 taxpayer's endowment gift to a qualified community  
 15 34 foundation. An individual may claim a tax credit  
 15 35 under this section of a partnership, limited liability  
 15 36 company, S corporation, estate, or trust electing to  
 15 37 have income taxed directly to the individual. The  
 15 38 amount claimed by the individual shall be based upon  
 15 39 the pro rata share of the individual's earnings from  
 15 40 the partnership, limited liability company, S  
 15 41 corporation, estate, or trust. A tax credit shall be  
 15 42 allowed only for an endowment gift made to a qualified  
 15 43 community foundation for a permanent endowment fund  
 15 44 established to benefit a charitable cause in this  
 15 45 state. Any tax credit in excess of the taxpayer's tax  
 15 46 liability for the tax year may be credited to the tax  
 15 47 liability for the following five years or until  
 15 48 depleted, whichever occurs first. A tax credit shall  
 15 49 not be carried back to a tax year prior to the tax  
 15 50 year in which the taxpayer claims the tax credit.

16 1 2. The aggregate amount of tax credits authorized  
 16 2 pursuant to this section shall not exceed a total of  
 16 3 two million dollars. The maximum amount of tax  
 16 4 credits granted to a taxpayer shall not exceed five  
 16 5 percent of the aggregate amount of tax credits  
 16 6 authorized.

16 7 3. A tax credit shall not be transferable to any  
 16 8 other taxpayer.

16 9 4. A tax credit shall not be authorized pursuant  
16 10 to this section after December 31, 2005.

16 11 5. The department shall develop a system for  
16 12 registration and authorization of tax credits under  
16 13 this section and shall control the distribution of all  
16 14 tax credits to taxpayers providing an endowment gift  
16 15 subject to this section. The department shall adopt  
16 16 administrative rules pursuant to chapter 17A for the  
16 17 qualification and administration of endowment gifts.  
16 18 Sec. \_\_\_\_ . NEW SECTION. 422.11H ENDOW IOWA TAX  
16 19 CREDIT.

16 20 The tax imposed under this division, less the  
16 21 credits allowed under sections 422.12 and 422.12B,  
16 22 shall be reduced by an endow Iowa tax credit  
16 23 authorized pursuant to section 15E.305.

16 24 Sec. \_\_\_\_ . Section 422.33, Code 2003, is amended by  
16 25 adding the following new subsection:

16 26 NEW SUBSECTION. 14. The taxes imposed under this  
16 27 division shall be reduced by an endow Iowa tax credit  
16 28 authorized pursuant to section 15E.305.

16 29 Sec. \_\_\_\_ . Section 422.60, Code 2003, is amended by  
16 30 adding the following new subsection:

16 31 NEW SUBSECTION. 7. The taxes imposed under this  
16 32 division shall be reduced by an endow Iowa tax credit  
16 33 authorized pursuant to section 15E.305.

16 34 Sec. \_\_\_\_ . NEW SECTION. 432.12D ENDOW IOWA TAX  
16 35 CREDIT.

16 36 The tax imposed under this chapter shall be reduced  
16 37 by an endow Iowa tax credit authorized pursuant to  
16 38 section 15E.305.

16 39 Sec. \_\_\_\_ . Section 533.24, Code 2003, is amended by  
16 40 adding the following new unnumbered paragraph:

16 41 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
16 42 tax imposed under this section shall be reduced by an  
16 43 endow Iowa tax credit authorized pursuant to section  
16 44 15E.305.

16 45 Sec. \_\_\_\_ . EFFECTIVE AND RETROACTIVE APPLICABILITY  
16 46 DATES. This division of this Act, being deemed of  
16 47 immediate importance, takes effect upon enactment and  
16 48 is retroactively applicable to January 1, 2003, for  
16 49 tax years beginning on or after that date.

16 50 DIVISION XII

17 1 REHABILITATION PROJECT TAX CREDITS

17 2 Sec. \_\_\_\_ . Section 404A.4, subsection 4, Code 2003,  
17 3 is amended to read as follows:

17 4 4. The total amount of tax credits that may be  
17 5 approved for a fiscal year under this chapter shall  
17 6 not exceed two million four hundred thousand dollars.  
17 7 For the fiscal years beginning July 1, 2005, and July  
17 8 1, 2006, an additional five hundred thousand dollars  
17 9 of tax credits may be approved each fiscal year for  
17 10 purposes of projects located in cultural and  
17 11 entertainment districts certified pursuant to section  
17 12 303.3B, if enacted by 2003 Iowa Acts, House File 692  
17 13 or another Act. Any of the additional tax credits  
17 14 allocated for projects located in certified cultural  
17 15 and entertainment districts that are not approved  
17 16 during a fiscal year may be carried over to the  
17 17 succeeding fiscal year. Tax credit certificates shall  
17 18 be issued on the basis of the earliest awarding of

17 19 certifications of completion as provided in subsection  
 17 20 1. The departments of economic development and  
 17 21 revenue and finance shall each adopt rules to jointly  
 17 22 administer this subsection and shall provide by rule  
 17 23 for the method to be used to determine for which  
 17 24 fiscal year the tax credits are approved."

17 25 #10. Page 44, by striking lines 10 through 12 and  
 17 26 inserting the following: "rebuild Iowa infrastructure  
 17 27 fund to the secure an advanced vision for education  
 17 28 fund created in section 422E.3A, for".

17 29 #11. Page 44, by striking lines 23 through 25 and  
 17 30 inserting the following: "streamlined sales and use  
 17 31 tax agreement to the secure an advanced vision for  
 17 32 education fund created in section 422E.3A, the".

17 33 #12. By striking page 155, line 14, through page  
 17 34 161, line 17.

17 35 #13. Page 161, by inserting before line 18 the  
 17 36 following:

17 37 "DIVISION \_\_\_\_\_  
 17 38 CAPITOL COMPLEX PARKING STRUCTURE  
 17 39 Sec. \_\_\_\_\_. NEW SECTION. 18A.8 CAPITOL COMPLEX  
 17 40 PARKING STRUCTURE REVOLVING FUND.

17 41 A capitol complex parking structure revolving fund  
 17 42 is created in the state treasury. The capitol complex  
 17 43 parking structure revolving fund shall be administered  
 17 44 by the department of administrative services and shall  
 17 45 consist of moneys collected by the department as  
 17 46 parking fees, moneys appropriated to the fund by the  
 17 47 general assembly, and any other moneys obtained or  
 17 48 accepted by the department for deposit in the  
 17 49 revolving fund. The proceeds of the revolving fund  
 17 50 are appropriated to and shall be used by the  
 18 1 department for costs associated with the management,  
 18 2 operation, and maintenance of the capitol complex  
 18 3 parking structure located at the intersection of  
 18 4 Pennsylvania and Grand avenues in Des Moines. The  
 18 5 department shall submit an annual report not later  
 18 6 than January 31 to the members of the general assembly  
 18 7 and the legislative services agency, of the activities  
 18 8 funded by and expenditures made from the revolving  
 18 9 fund during the preceding fiscal year. Section 8.33  
 18 10 does not apply to any moneys in the revolving fund  
 18 11 and, notwithstanding section 12C.7, subsection 2,  
 18 12 earnings or interest on moneys deposited in the  
 18 13 revolving fund shall be credited to the revolving  
 18 14 fund.

18 15 Sec. \_\_\_\_\_. CAPITOL COMPLEX PARKING STRUCTURE  
 18 16 MANAGEMENT - REQUEST FOR PROPOSALS. The department  
 18 17 of administrative services shall issue a request for  
 18 18 proposals for the management, operation, and  
 18 19 maintenance of the state-owned parking structure  
 18 20 located at the intersection of Pennsylvania and Grand  
 18 21 avenues in Des Moines. The request for proposals  
 18 22 shall include all of the following services:  
 18 23 1. The collection of parking fees and  
 18 24 administration of parking permits.  
 18 25 2. Daily janitorial maintenance and necessary  
 18 26 annual maintenance, pursuant to standards outlined in  
 18 27 the parking garage maintenance manual published by the  
 18 28 parking consultants council of the national parking

18 29 association.  
 18 30 3. Long-term structural maintenance.  
 18 31 Awarding of a contract for the management,  
 18 32 operation, and maintenance of the parking structure is  
 18 33 subject to approval by the general assembly.  
 18 34 Sec. \_\_\_\_ . CAPITOL COMPLEX PARKING STRUCTURE -  
 18 35 EMPLOYEE PARKING FEES. The department of  
 18 36 administrative services shall establish reasonable  
 18 37 parking fees for state employees for the use of the  
 18 38 state-owned parking structure located at the  
 18 39 intersection of Pennsylvania and Grand avenues in Des  
 18 40 Moines. Parking fees shall not be established or  
 18 41 collected for use of the parking structure by members  
 18 42 of the general public. Such fees shall be deposited  
 18 43 in the capitol complex parking structure revolving  
 18 44 fund created in section 18A.8, as enacted by this  
 18 45 Act."  
 18 46 #14. By renumbering, relettering, or redesignating  
 18 47 and correcting internal references as necessary.  
 18 48  
 18 49  
 18 50  
 19 1 HOFFMAN of Crawford  
 19 2 HF 683.320 80  
 19 3 tm/cf

H-1617A P1, L4 - P17 - L32 + P17, L35 through end - adopted 6/3/03  
 H-1617B P17, L33 + 34 - adopted 6/3/03

Text: [H01616](#)

Text: [H01600 - H01699](#)

Bills and Amendments: [General Index](#)

Text: [H01618](#)

Text: [H Index](#)

Bill History: [General Index](#)



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URL: <http://www.legis.state.ia.us/GA/80GA/Legislation/H/01600/H01617/030603.html>  
jhf



Text: H01617  
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Bills and Amendments: General Index

Text: H01619  
Text: H Index  
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# House Amendment 1618

## Amendment Text

PAG LIN

1 1 Amend the amendment, H-1617, to the Senate  
 1 2 amendment, H-1616, to House File 683, as amended,  
 1 3 passed, and reprinted by the House, as follows:  
 1 4 #1. Page 2, by striking lines 16 through 30 and  
 1 5 inserting the following: "allocated based on the  
 1 6 ~~proportion of actual enrollment in the district to the~~  
 1 7 ~~combined actual enrollment in the counties where the~~  
 1 8 ~~sales and services tax for school infrastructure~~  
 1 9 ~~purposes has been imposed and the school districts in~~  
 1 10 ~~the counties qualify for the supplemental school~~  
 1 11 ~~infrastructure amount first to increase the school~~  
 1 12 ~~district with the lowest sales tax capacity per~~  
 1 13 ~~student to an amount equal to the school district or~~  
 1 14 ~~school districts with the next lowest sales tax~~  
 1 15 ~~capacity per student and then increase the school~~  
 1 16 ~~districts to an amount equal to the school district or~~  
 1 17 ~~school districts with the next lowest sales tax~~  
 1 18 ~~capacity per student and continue on in this manner~~  
 1 19 ~~until money is no longer available or all school~~  
 1 20 ~~districts reach their guaranteed school infrastructure~~  
 1 21 ~~amount."~~  
 1 22  
 1 23  
 1 24  
 1 25 HOFFMAN of Crawford  
 1 26 HF 683.322 80  
 1 27 mg/cf

*Adopted 6/3/03*

Text: H01617  
Text: H01600 - H01699  
Bills and Amendments: General Index

Text: H01619  
Text: H Index  
Bill History: General Index

Text: [H01618](#)Text: [H01620](#)Text: [H01600 - H01699](#)Text: [H Index](#)Bills and Amendments: [General Index](#)Bill History: [General Index](#)[Get Version To Print](#)

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## House Amendment 1619

### Amendment Text

PAG LIN

```

1 1 Amend the Senate amendment, H-1616, to House File
1 2 683, as amended, passed, and reprinted by the House,
1 3 as follows:
1 4 #1. Page 119, line 5, by striking the figure "15"
1 5 and inserting the following: "14".
1 6
1 7
1 8
1 9 HUSER of Polk
1 10 HF 683.732 80
1 11 mg/cl

```

*Adapted 6/3/03*

Text: [H01618](#)Text: [H01620](#)Text: [H01600 - H01699](#)Text: [H Index](#)Bills and Amendments: [General Index](#)Bill History: [General Index](#)

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# House Amendment 1620

## Amendment Text

PAG LIN

1 1 Amend the amendment, [H-1617](#), to the Senate  
1 2 amendment, [H-1616](#), to House File [683](#), as amended,  
1 3 passed, and reprinted by the House, as follows:  
1 4 #1. Page 10, by striking lines 40 through 44 and  
1 5 inserting the following: "program under chapter  
1 6 260G."  
1 7 #2. By striking page 10, line 48, through page 11,  
1 8 line 2, and inserting the following: "chapter 260F."  
1 9 #3. Page 11, by striking lines 7 through 11 and  
1 10 inserting the following: "technical education  
1 11 programs. For purposes of this section,".  
1 12 #4. Page 12, by inserting after line 17 the  
1 13 following:  
1 14 "5. The department of economic development shall  
1 15 allocate the moneys appropriated pursuant to this  
1 16 section to the community college workforce training  
1 17 and economic development funds utilizing the same  
1 18 distribution formula used for the allocation of state  
1 19 general aid to the community colleges.  
1 20 6. Each community college shall do all of the  
1 21 following:  
1 22 a. Adopt a two-year workforce training and  
1 23 economic development fund plan outlining the community  
1 24 college's proposed use of moneys appropriated under  
1 25 subsection 2.  
1 26 b. Update the two-year plan annually.  
1 27 c. Prepare an annual progress report on the two-  
1 28 year plan's implementation.  
1 29 d. Annually submit the two-year plan and progress  
1 30 report to the department of economic development in a  
1 31 manner prescribed by rules adopted by the department  
1 32 pursuant to chapter 17A and annually file a copy of  
1 33 the plan and progress report with the grow Iowa values  
1 34 board. For the fiscal year beginning July 1, 2004,  
1 35 and each fiscal year thereafter, a community college  
1 36 shall not have moneys deposited in the workforce  
1 37 training and economic development fund of that  
1 38 community college unless the grow Iowa values board  
1 39 approves the annual progress report of the community

1 40 college.  
1 41 7. Any individual project using over one million  
1 42 dollars of moneys from a workforce training and  
1 43 economic development fund shall require prior approval  
1 44 from the grow Iowa values board."  
1 45  
1 46  
1 47  
1 48 JENKINS of Black Hawk  
1 49 HF 683.323 80  
1 50 tm/cf

*Adapted 6/3/03*

Text: [H01619](#)

Text: [H01600 - H01699](#)

Bills and Amendments: [General Index](#)

Text: [H01621](#)

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Bill History: General Index

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# House Amendment 1621

## Amendment Text

PAG LIN

1 1 Amend the Senate amendment, H-1616, to House File  
1 2 683, as amended, passed, and reprinted by the House,  
1 3 as follows:  
1 4 #1. Page 3, by inserting before line 9 the  
1 5 following:  
1 6 "Sec. . . . 2003 Iowa Acts, House File 667, section  
1 7 13, subsection 2, is amended to read as follows:  
1 8 2. The department may either continue or reprocure  
1 9 the contract existing on June 30, 2003, with the  
1 10 department's fiscal agent. If the department  
1 11 initiates reprocurement of the contract, of the amount  
1 12 appropriated in this Act for the medical assistance  
1 13 program, up to \$500,00 may be used to begin the  
1 14 implementation process."  
1 15 #2. By renumbering as necessary.  
1 16  
1 17  
1 18  
1 19 HEATON of Henry  
1 20  
1 21  
1 22  
1 23 CARROLL of Poweshiek  
1 24 HF 683.733 80  
1 25 jp/cl

*Adopted 6/3/03*

Text: H01620  
Text: H01600 - H01699  
Bills and Amendments: General Index

Text: H01622  
Text: H Index  
Bill History: General Index

Text: [H01621](#)  
Text: [H01600 - H01699](#)  
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# House Amendment 1622

## Amendment Text

PAG LIN

1 1 Amend the amendment, H-1621, to the Senate  
1 2 amendment, H-1616, to House File 683, as amended,  
1 3 passed, and reprinted by the House as follows:  
1 4 1. Page 1, line 13, by striking the figure  
1 5 "\$500,00" and inserting the following: "\$500,000".  
1 6  
1 7  
1 8  
1 9 HEATON of Henry  
1 10 HF 683.1  
1 11 dt/es/25

*Adopted 6/3/03*

Text: [H01621](#)  
Text: [H01600 - H01699](#)  
Bills and Amendments: [General Index](#)

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EIGHTIETH GENERAL ASSEMBLY  
2003 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET

JUNE 3, 2003

HOUSE FILE 683

S-3408

1 Amend the amendment, S-3392, to House File 683, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. By striking page 1, line 3, through page 34,  
5 line 10, and inserting the following:

6 "\_\_\_\_\_. By striking everything after the enacting  
7 clause and inserting the following:

8 "DIVISION I

9 STATE EMPLOYEE SALARIES

10 Section 1. 2003 Iowa Acts, Senate File 458,  
11 section 48, unnumbered paragraphs 1 and 2, if enacted,  
12 are amended to read as follows:

13 There is appropriated from the general fund of the  
14 state to the salary adjustment fund for distribution  
15 by the department of management to the various state  
16 departments, boards, commissions, councils, and  
17 agencies, and to the state board of regents for those  
18 persons employed at the state school for the deaf and  
19 the Iowa braille and sight saving school, for the  
20 fiscal year beginning July 1, 2003, and ending June  
21 30, 2004, the amount of ~~\$28,000,000~~ \$30,000,000, or so  
22 much thereof as may be necessary, to fully fund annual  
23 pay adjustments, expense reimbursements, and related  
24 benefits implemented pursuant to the following:

25 Of the amount appropriated in this section,  
26 ~~\$2,668,000~~ \$2,818,000 shall be allocated to the  
27 judicial branch for the purpose of funding annual pay  
28 adjustments, expense reimbursements, and related  
29 benefits implemented for judicial branch employees.

30 In distributing the remainder of the amount  
31 appropriated in this section, the department of  
32 management, in order to address essential public  
33 protection functions and recognizing the availability  
34 of funds appropriated in other Acts of the general  
35 assembly and other sources, shall give priority, in  
36 descending order, to the department of corrections,  
37 department of human services, and department of public  
38 safety, and then to the remaining state departments,  
39 boards, commissions, councils, and agencies to which  
40 the appropriation is applicable.

41 Sec. 2. STATE COURTS -- JUSTICES, JUDGES, AND  
42 MAGISTRATES.

43 1. Of the amount allocated for the judicial branch  
44 in 2003 Iowa Acts, Senate File 458, section 48, if  
45 enacted, \$150,000 is allocated to fund the changes in  
46 this section to the salaries of justices, judges, and  
47 magistrates.

48 2. The following annual salary rates shall be paid  
49 to the persons holding the judicial positions  
50 indicated during the fiscal year beginning July 1,

S-3408

S-3408

Page 2

1 2003, effective with the pay period beginning December  
2 5, 2003, and for subsequent pay periods:

3	a. Chief justice of the supreme court:	
4	.....	\$ 127,040
5	b. Each justice of the supreme court:	
6	.....	\$ 122,500
7	c. Chief judge of the court of appeals:	
8	.....	\$ 122,380
9	d. Each associate judge of the court of appeals:	
10	.....	\$ 117,850
11	e. Each chief judge of a judicial district:	
12	.....	\$ 116,760
13	f. Each district judge except the chief judge of a	
14	judicial district:	
15	.....	\$ 112,010
16	g. Each district associate judge:	
17	.....	\$ 97,610
18	h. Each associate juvenile judge:	
19	.....	\$ 97,610
20	i. Each associate probate judge:	
21	.....	\$ 97,610
22	j. Each judicial magistrate:	
23	.....	\$ 29,100
24	k. Each senior judge:	
25	.....	\$ 6,500

26 3. Persons receiving the salary rates established  
27 under subsection 2 shall not receive any additional  
28 salary adjustments provided by 2003 Iowa Acts, Senate  
29 File 458, division V.

DIVISION II

APPROPRIATIONS AND APPROPRIATIONS REVISIONS

INSURANCE DIVISION

33 Sec. 3. INSURANCE STUDY. There is appropriated  
34 from the general fund of the state to the department  
35 of commerce for the fiscal year beginning July 1,  
36 2003, and ending June 30, 2004, the following amount,  
37 or so much thereof as is necessary, to be used for the  
38 purpose designated:

39 For the insurance division to implement the school  
40 health insurance reform team study in accordance with  
41 2003 Iowa Acts, Senate File 386:

42	.....	\$ 15,000
----	-------	-----------

DEPARTMENT OF MANAGEMENT

44 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND  
45 APPROPRIATION. There is appropriated from the general  
46 fund of the state to the department of management for  
47 the fiscal year beginning July 1, 2003, and ending  
48 June 30, 2004, the following amount, or so much  
49 thereof as is necessary, to be used for the purpose  
50 designated:

S-3408



S-3408

Page 3

1 For deposit in the local government innovation fund  
 2 created in section 8.64:  
 3 ..... \$ 1,000,000

4 Notwithstanding section 8.64, subsection 4, if  
 5 enacted by 2003 Iowa Acts, Senate File 453, section  
 6 27, the local government innovation fund committee may  
 7 provide up to 20 percent of the amount appropriated in  
 8 this section in the form of forgivable loans or as  
 9 grants for those projects that propose a new and  
 10 innovative sharing initiative that would serve as an  
 11 important model for cities and counties.

DEPARTMENT OF CORRECTIONS

12  
 13 Sec. 5. There is appropriated from the rebuild  
 14 Iowa infrastructure fund to the department of  
 15 corrections for the fiscal year beginning July 1,  
 16 2003, and ending June 30, 2004, the following amounts,  
 17 or so much thereof as is necessary, to be used for the  
 18 purposes designated:

19 1. For expansion of the Luster Heights facility  
 20 into a community-based corrections facility and an  
 21 institutional work and substance abuse treatment  
 22 center:  
 23 ..... \$ 92,000

24 2. For conversion of the Clarinda lodge into  
 25 minimum security bed space:  
 26 ..... \$ 730,400

27 Sec. 6. 2003 Iowa Acts, Senate File 439, section  
 28 4, subsection 1, paragraphs b and g, as enacted, are  
 29 amended to read as follows:

30 b. For the operation of the Anamosa correctional  
 31 facility, including salaries, support, maintenance,  
 32 employment of correctional officers and a part-time  
 33 chaplain to provide religious counseling to inmates of  
 34 a minority race, miscellaneous purposes, and for not  
 35 more than the following full-time equivalent  
 36 positions:  
 37 ..... \$ ~~24,531,917~~  
 38 ..... 25,196,085  
 39 ..... FTEs ~~375.75~~  
 40 ..... 385.25

41 Moneys are provided within this appropriation for  
 42 one full-time substance abuse counselor for the Luster  
 43 Heights facility, for the purpose of certification of  
 44 a substance abuse program at that facility. Of the  
 45 funds appropriated in this paragraph "b", \$664,168 is  
 46 allocated for implementation costs associated with  
 47 expansion of the Luster Heights facility.

48 g. For the operation of the Clarinda correctional  
 49 facility, including salaries, support, maintenance,  
 50 employment of correctional officers, miscellaneous

S-3408

S-3408

Page 4

1 purposes, and for not more than the following full-  
2 time equivalent positions:

3 .....	\$	<u>18,595,788</u>
4 .....		<u>19,389,220</u>
5 .....	FTEs	<u>291.76</u>
6 .....		<u>304.58</u>

7 Moneys received by the department of corrections as  
8 reimbursement for services provided to the Clarinda  
9 youth corporation are appropriated to the department  
10 and shall be used for the purpose of operating the  
11 Clarinda correctional facility.

12 Of the funds appropriated in this paragraph "g",  
13 \$793,432 is allocated for implementation costs  
14 associated with expansion of the conversion of the  
15 Clarinda lodge, with \$277,500 of the allocation for  
16 one-time costs and \$515,932 for ongoing costs.

17 PUBLIC TRANSIT

18 Sec. 7. 2003 Iowa Acts, Senate File 458, section  
19 8, if enacted, is amended to read as follows:

20 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.  
21 Notwithstanding section 312.2, subsection 14, the  
22 amount appropriated from the general fund of the state  
23 under section 312.2, subsection 14, to the state  
24 department of transportation for public transit  
25 assistance under chapter 324A for the fiscal year  
26 beginning July 1, 2003, and ending June 30, 2004, is  
27 reduced by the following amount:

28 .....	\$	<u>1,298,675</u>
29 .....		<u>2,582,800</u>

30 OFFICE OF THE GOVERNOR

31 Sec. 8. 2003 Iowa Acts, House File 655, section 5,  
32 subsection 1, if enacted, is amended to read as  
33 follows:

34 1. GENERAL OFFICE

35 For salaries, support, maintenance, and  
36 miscellaneous purposes for the general office of the  
37 governor and the general office of the lieutenant  
38 governor, and for not more than the following full-  
39 time equivalent positions:

40 .....	\$	<u>1,243,643</u>
41 .....		<u>1,493,643</u>
42 .....	FTEs	<u>17.25</u>
43 .....		<u>19.25</u>

44 Of the amount appropriated in this section,  
45 \$250,000 is allocated for two full-time equivalent  
46 positions in the office of the governor that were  
47 previously funded by other state departments and  
48 agencies.

49 DEPARTMENT OF REVENUE

50 Sec. 9. 2003 Iowa Acts, House File 655, section

S-3408

Page 5

1 31, if enacted, is amended to read as follows:  
 2 SEC. 31. DEPARTMENT OF REVENUE. There is  
 3 appropriated from the general fund of the state to the  
 4 department of revenue for the fiscal year beginning  
 5 July 1, 2003, and ending June 30, 2004, the following  
 6 amounts, or so much thereof as is necessary, to be  
 7 used for the purposes designated, and for not more  
 8 than the following full-time equivalent positions used  
 9 for the purposes designated in subsection 1:

10 .....	FTEs	<del>378.87</del>
11 .....		<u>380.87</u>

12 Of the full-time equivalent positions authorized in  
 13 this section, two full-time equivalent positions are  
 14 allocated for new positions to assist in preparation  
 15 of information for the revenue estimating conference  
 16 and in improving the turnaround time for processing  
 17 corporate tax filings.

18 1. COMPLIANCE -- INTERNAL RESOURCES MANAGEMENT --  
 19 STATE FINANCIAL MANAGEMENT -- STATEWIDE PROPERTY TAX  
 20 ADMINISTRATION

21 For salaries, support, maintenance, and  
 22 miscellaneous purposes:

23 .....	\$	<del>23,259,111</del>
24 .....		<u>23,359,111</u>

25 Of the funds appropriated pursuant to this  
 26 subsection, \$400,000 shall be used to pay the direct  
 27 costs of compliance related to the collection and  
 28 distribution of local sales and services taxes imposed  
 29 pursuant to chapters 422B and 422E.

30 The director of revenue shall prepare and issue a  
 31 state appraisal manual and the revisions to the state  
 32 appraisal manual as provided in section 421.17,  
 33 subsection 18, without cost to a city or county.

34 2. COLLECTION COSTS AND FEES

35 For payment of collection costs and fees pursuant  
 36 to section 422.26:

37 .....	\$	28,166
----------	----	--------

38 DEPARTMENT OF PUBLIC HEALTH  
 39 Sec. 10. 2003 Iowa Acts, House File 667, section  
 40 2, subsection 8, as enacted, is amended to read as  
 41 follows:

42 8. INFECTIOUS DISEASES

43 For reducing the incidence and prevalence of  
 44 communicable diseases, and for not more than the  
 45 following full-time equivalent positions:

46 .....	\$	<del>977,340</del>
47 .....		<u>1,074,888</u>
48 .....	FTEs	<u>36.90</u>

49 DIVISION III  
 50 MISCELLANEOUS PROVISIONS

S-3408

**S-3408**

Page 6

1 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE -- REVIEW  
2 OF CONTINUING CARE RETIREMENT COMMUNITIES -- ASSISTED  
3 LIVING PROGRAM APPLICABILITY. The government  
4 oversight committees shall review the application of  
5 chapter 231C, relating to assisted living programs, to  
6 continuing care retirement communities, as defined in  
7 section 523D.1. The committees shall submit  
8 recommendations for any legislation deemed necessary  
9 for consideration during the 2004 regular legislative  
10 session.

11 Sec. 12. Section 15E.193B, subsection 4, Code  
12 2003, as amended by 2003 Iowa Acts, Senate File 458,  
13 section 100, if enacted, is amended to read as  
14 follows:

15 4. The eligible housing business shall complete  
16 its building or rehabilitation within two years from  
17 the time the business begins construction on the  
18 single-family homes and dwelling units. The failure  
19 to complete construction or rehabilitation within two  
20 years shall result in the eligible housing business  
21 becoming ineligible and subject to the repayment  
22 requirements and penalties enumerated in subsection 7.  
23 The department may extend the prescribed two-year  
24 completion period for any current or future project  
25 which has not been completed if the department  
26 determines that completion within the two-year period  
27 is impossible or impractical as a result of a  
28 substantial loss caused by flood, fire, earthquake,  
29 storm, or other catastrophe. For purposes of this  
30 subsection, "substantial loss" means damage or  
31 destruction in an amount in excess of thirty percent  
32 of the project's expected eligible basis as set forth  
33 in the eligible housing business's application.

34 Sec. 13. Section 215.14, Code 2003, is amended to  
35 read as follows:

36 215.14 APPROVAL BY DEPARTMENT.

37 A commercial weighing and measuring device shall  
38 not be installed in this state unless approved by the  
39 department. ~~All livestock scales and~~

40 1. A pit type scales scale or any other scale  
41 installed in a pit, regardless of capacity, that is  
42 installed on or after July 1, 1990, shall have a  
43 clearance of not less than four feet from the finished  
44 floor line of the scale to the bottom of the "I" beam  
45 of the scale bridge. Livestock shall not be weighed  
46 on any scale other than a livestock scale or pit type  
47 scale.

48 2. An electronic pitless scale shall be placed on  
49 concrete footings with concrete floor. The concrete  
50 floor shall allow for adequate drainage away from the

**S-3408**

**S-3408**

Page 7

1 scale as required by the department. There shall be a  
2 clearance of not less than eight inches between the  
3 weigh bridge and the concrete floor to facilitate  
4 inspection and cleaning.

5 3. After approval by the department, the  
6 specifications for a commercial weighing and measuring  
7 device shall be furnished to the purchaser of the  
8 device by the manufacturer. The approval shall be  
9 based upon the recommendation of the United States  
10 national institute of standards and technology.

11 Sec. 14. Section 231C.17, subsection 4, if enacted  
12 by 2003 Iowa Acts, House File 675, section 24, is  
13 amended by striking the subsection and inserting in  
14 lieu thereof the following:

15 4. A continuing care retirement community, as  
16 defined in section 523D.1, may provide limited  
17 personal care services and emergency response services  
18 to its independent living tenants if all of the  
19 following conditions are met:

20 a. The provision of such personal care services or  
21 emergency response services does not result in  
22 inadequate staff coverage to meet the service needs of  
23 all tenants of the continuing care retirement  
24 community.

25 b. The staff providing the personal care or  
26 emergency response services is trained or qualified to  
27 the extent necessary to provide such services.

28 c. The continuing care retirement community  
29 documents the date, time, and nature of the personal  
30 care or emergency response services provided.

31 d. Emergency response services are only provided  
32 in situations which constitute an urgent need for  
33 immediate action or assistance due to unforeseen  
34 circumstances.

35 This subsection shall not be construed to prohibit  
36 an independent living tenant of a continuing care  
37 retirement community from contracting with a third  
38 party for personal care or emergency response  
39 services.

40 Sec. 15. NEW SECTION. 237A.25 CONSUMER  
41 INFORMATION.

42 1. The department shall develop consumer  
43 information material to assist parents in selecting a  
44 child care provider. In developing the material, the  
45 department shall consult with department of human  
46 services staff, department of education staff, the  
47 state child care advisory council, the Iowa  
48 empowerment board, and child care resource and  
49 referral services. In addition, the department may  
50 consult with other entities at the local, state, and

**S-3408**

**S-3408**

Page 8

1 national level.

2 2. The consumer information material developed by  
3 the department for parents and other consumers of  
4 child care services shall include but is not limited  
5 to all of the following:

6 a. A pamphlet or other printed material containing  
7 consumer-oriented information on locating a quality  
8 child care provider.

9 b. Information explaining important considerations  
10 a consumer should take into account in selecting a  
11 licensed or registered child care provider.

12 c. Information explaining how a consumer can  
13 identify quality services, including what questions to  
14 ask of providers and what a consumer might expect or  
15 demand to know before selecting a provider.

16 d. An explanation of the applicable laws and  
17 regulations written in layperson's terms.

18 e. An explanation of what it means for a provider  
19 to be licensed, registered, or unregistered.

20 f. An explanation of the information considered in  
21 registry and record background checks.

22 g. Other information deemed relevant to consumers.

23 3. The department shall implement and publicize an  
24 internet page or site that provides all of the  
25 following:

26 a. The written information developed pursuant to  
27 subsections 1 and 2.

28 b. Regular informational updates, including when a  
29 child care provider was last subject to a state  
30 quality review or inspection and, based upon a final  
31 score or review, the results indicating whether the  
32 provider passed or failed the review or inspection.

33 c. Capability for a consumer to be able to access  
34 information concerning child care providers, such as  
35 informational updates, identification of provider  
36 location, name, and capacity, and identification of  
37 providers participating in the state child care  
38 assistance program and those participating in the  
39 child care food program, by sorting the information or  
40 employing other means that provide the information in  
41 a manner that is useful to the consumer. Information  
42 regarding provider location shall identify providers  
43 located in the vicinity of an address selected by a  
44 consumer and provide contact information without  
45 listing the specific addresses of the providers.

46 d. Other information deemed appropriate by the  
47 department.

48 Sec. 16. Section 384.84, Code 2003, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 9. Notwithstanding subsection 3,

**S-3408**

**S-3408**

Page 9

1 a lien shall not be filed against the land if the  
2 premises are located on leased land. If the premises  
3 are located on leased land, a lien may be filed  
4 against the premises only.

5 Sec. 17. Section 422E.3A, subsection 2, paragraph  
6 a, if enacted by 2003 Iowa Acts, Senate File 445,  
7 section 8, is amended to read as follows:

8 a. A school district that is located in whole or  
9 in part in a county that voted on and approved prior  
10 to April 1, 2003, the local sales and services tax for  
11 school infrastructure purposes and that has a sales  
12 tax capacity per student above the guaranteed school  
13 infrastructure amount shall receive for the remainder  
14 of the term of the tax an amount equal to its pro rata  
15 share of the local sales and services tax receipts as  
16 provided in section 422E.3, subsection 5, paragraph  
17 "d", unless the school board passes a resolution by  
18 October 1, 2003, agreeing to receive a distribution  
19 pursuant to paragraph "b", subparagraph (1).

20 Sec. 18. Section 422E.3A, subsection 2, paragraph  
21 b, subparagraph (1), if enacted by 2003 Iowa Acts,  
22 Senate File 445, section 8, is amended to read as  
23 follows:

24 (1) A school district that is located in whole or  
25 in part in a county that voted on and approved prior  
26 to April 1, 2003, the local sales and services tax for  
27 school infrastructure purposes and that has a sales  
28 tax capacity per student below its guaranteed school  
29 infrastructure amount shall receive for the remainder  
30 of the term of the tax an amount equal to its pro rata  
31 share of the local sales and services tax receipts as  
32 provided in section 422E.3, subsection 5, paragraph  
33 "d", plus an amount equal to its supplemental school  
34 infrastructure amount, unless the school district  
35 passes a resolution by October 1, 2003, agreeing to  
36 receive only an amount equal to its pro rata share as  
37 provided in section 422E.3, subsection 5, paragraph  
38 "d", in all subsequent years.

39 Sec. 19. Section 435.26A, subsection 5, as enacted  
40 by 2003 Iowa Acts, Senate File 134, section 7, and as  
41 amended by 2003 Iowa Acts, Senate File 458, section  
42 128, if enacted, is amended to read as follows:

43 5. An owner of a manufactured home who has  
44 surrendered a certificate of title under this section  
45 and requires another certificate of title for the  
46 manufactured home is required to apply for a  
47 certificate of title under ~~section 321.42~~ chapter 321.  
48 If supporting documents for the reissuance of a title  
49 are not available or sufficient, the procedure for the  
50 reissuance of a title specified in the rules of the

**S-3408**

**S-3408**

Page 10

1 department of transportation shall be used.

2 Sec. 20. Section 459.315, Code 2003, as amended by  
3 2003 Iowa Acts, House File 644, if enacted, is amended  
4 by adding the following new subsection:

5 NEW SUBSECTION. 4A. This section shall not  
6 require a person to be certified as a confinement site  
7 manure applicator if the person applies manure which  
8 originates from a manure storage structure which is  
9 part of a small animal feeding operation.

10 Sec. 21. Section 508.31A, subsection 2, paragraph  
11 a, subparagraph (4), as enacted by 2003 Iowa Acts,  
12 House File 647, section 7, is amended to read as  
13 follows:

14 (4) A person other than a natural person for the  
15 purpose of providing collateral security for  
16 securities ~~issued by such person and~~ registered with  
17 the federal securities and exchange commission.

18 Sec. 22. 2003 Iowa Acts, Senate File 401, section  
19 5, subsection 1, is amended to read as follows:

20 1. Notwithstanding any provision of law to the  
21 contrary, the section of this Act creating section  
22 453A.2, subsection 5A, is applicable to violations  
23 pending on the effective date of this Act for which a  
24 penalty has not been assessed under section 453A.22,  
25 subsection 2. Notwithstanding this subsection,  
26 however, if a county health department, a city health  
27 department, or a city assesses a penalty under section  
28 453A.22, subsection 2, on or after April 11, 2003 but  
29 prior to June 30, 2003, for a violation of section  
30 453A.2, subsection 1, which was pending on April 11,  
31 2003, the county health department, city health  
32 department or city assessing the penalty shall be  
33 deemed to have jurisdiction to assess the penalty and  
34 the penalty assessed is deemed valid.

35 Sec. 23. 2003 Iowa Acts, Senate File 453, section  
36 31, subsection 1, if enacted, is amended to read as  
37 follows:

38 1. In lieu of applying a charge for capital assets  
39 to the institutions under the control of the state  
40 board of regents as otherwise provided in this  
41 division for executive branch agencies, the  
42 appropriations made from the general fund of the state  
43 to the state board of regents for the ~~general~~  
44 ~~university~~ operating budgets at the state university  
45 of Iowa, Iowa state university of science and  
46 technology, and university of northern Iowa, in 2003  
47 Iowa Acts, House File 662, section 9, subsections 2,  
48 3, and 4, are reduced by \$17,880,000. ~~The state board~~  
49 ~~of regents shall apply the reduction as follows: state~~  
50 ~~university of Iowa, 46.7 percent, Iowa state~~

**S-3408**



**S-3408**

Page 11

1 ~~university of science and technology, 36.8 percent,~~  
2 ~~and university of northern Iowa, 16.5 percent.~~

3 Sec. 24. 2003 Iowa Acts, Senate File 458, section  
4 21, unnumbered paragraph 3, if enacted, is amended to  
5 read as follows:

6 Of the funds appropriated in this section, up to  
7 \$10,000 is transferred to the Iowa department of  
8 ~~public health~~ human services for allocation to  
9 community mental health centers to provide counseling  
10 services to persons who are members of the national  
11 guard and reservists activated but as yet not sent to  
12 combat zones and to the persons' family members. The  
13 sessions shall be provided on a first come, first  
14 served basis and shall be limited to three visits per  
15 family.

16 Sec. 25. 2003 Iowa Acts, Senate File 458, section  
17 149, if enacted, is amended to read as follows:

18 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR  
19 PHYSICIAN SERVICES. To the extent that, pursuant to  
20 law enacted by the Eightieth General Assembly, 2003  
21 Session, supplemental payment adjustments are  
22 implemented for physician services provided to medical  
23 assistance program participants at publicly owned  
24 acute care hospitals, the department of human services  
25 shall not, directly or indirectly, recoup the  
26 supplemental payment adjustments for any reason,  
27 unless an amount equivalent to the amount of  
28 adjustment funds ~~that were~~ is first transferred to the  
29 ~~department by the state~~ university of Iowa college of  
30 ~~medicine is transferred~~ by the department ~~to the~~  
31 ~~qualifying physicians.~~ Any such amount transferred  
32 and identified as a supplemental payment under this  
33 section shall then be refunded to the department of  
34 human services, per the agreement executed for this  
35 purpose between the department and the university of  
36 Iowa.

37 Sec. 26. 2003 Iowa Acts, Senate File 458, section  
38 171, subsection 1, if enacted, is amended to read as  
39 follows:

40 1. PURPOSE. The general assembly finds that the  
41 Iowa communications network is a valuable state asset  
42 that has served the people of the state well, but  
43 which requires significant ongoing financial support  
44 from the state in the form of annual appropriations.  
45 The operation of a telecommunications network is a  
46 function that can be and generally is conducted by  
47 private enterprise. It is in the public interest to  
48 sell the Iowa communications network to a qualified  
49 private business enterprise that will commit to  
50 provide the same secure low-cost high-quality service

**S-3408**

-11-

**S-3408**

Page 12

1 to ~~state and federal~~ public and private agencies and  
2 ~~military installations~~, as defined in chapter 8D, now  
3 provided by the network. Through such a sale, the  
4 state would eliminate the need for ongoing annual  
5 appropriations while preserving the key benefits  
6 enjoyed by the state under the present state ownership  
7 of the network. The state also expects to obtain  
8 sufficient proceeds from such a sale to cover existing  
9 obligations and to realize additional proceeds above  
10 the level of such obligations. Given the current  
11 depressed state of the telecommunications industry,  
12 the state can reasonably be expected to maximize sales  
13 proceeds by allowing a purchaser a period of time in  
14 which to assemble financing for its purchase. During  
15 the interim between enactment of this division of this  
16 Act and completion of a sale, the services of a  
17 private-enterprise manager with experience operating  
18 telecommunications networks can reasonably be expected  
19 to reduce the costs of operating the Iowa  
20 communications network, thereby lowering annual  
21 appropriations.

22 Sec. 27. 2003 Iowa Acts, Senate File 458, section  
23 172, subsection 2, paragraph b, if enacted, is amended  
24 to read as follows:

25 b. Select a manager and enter into a management  
26 contract with the manager by October 1, 2004. The  
27 management contract shall provide for the continuation  
28 of all services currently being provided to ~~state and~~  
29 ~~federal public and private~~ agencies and ~~military~~  
30 ~~installations~~ pursuant to chapter 8D, at the rates  
31 specified therein, for the duration of the contract.  
32 The contract shall also specify the manager's  
33 authority in relation to the duties of the commission  
34 during the period between execution of the management  
35 contract and closing of the sale of the network. The  
36 commission shall establish a dispute resolution  
37 process regarding rate increases, quality of service  
38 issues, and other areas of dispute involving network  
39 subscribers. The commission shall also make  
40 recommendations regarding imposition of an ongoing  
41 dispute resolution and appeals process commencing with  
42 the closing of the sale of the network.

43 Sec. 28. 2003 Iowa Acts, Senate File 458, section  
44 173, subsection 1, if enacted, is amended to read as  
45 follows:

46 1. The ~~principal place of business of the~~  
47 purchaser and any parent of the purchaser shall be  
48 located operating in the state of Iowa.

49 Sec. 29. 2003 Iowa Acts, Senate File 458, section  
50 174, subsection 4, if enacted, is amended to read as

**S-3408**

S-3408

Page 13

1 follows:

2 4. Agree to continue all services currently being  
 3 provided to ~~state and federal~~ public and private  
 4 ~~agencies and military installations,~~ as defined in  
 5 chapter 8D, for the next ten years, with any annual  
 6 rate increase not to exceed five percent per year,  
 7 provided that the purchaser shall not be required to  
 8 supply at such restricted prices a quantity or quality  
 9 of service greater than that provided by the network  
 10 as of execution of the contract for sale of the  
 11 network.

12 Sec. 30. 2003 Iowa Acts, House File 667, section  
 13 27, subsection 1, unnumbered paragraph 2, is amended  
 14 to read as follows:

15 For costs associated with the commitment and  
 16 treatment of sexually violent predators in the unit  
 17 located at the state mental health institute at  
 18 Cherokee, including costs of legal services and other  
 19 associated costs, including salaries, support,  
 20 maintenance, and miscellaneous purposes and for not  
 21 more than the following full-time equivalent  
 22 positions:

23 .....	\$	2,675,179
24 .....	FTEs	<u>46.00</u>
25		<u>57.00</u>

26 Sec. 31. EFFECTIVE DATE -- RETROACTIVE  
 27 APPLICABILITY.

28 1. The section of this division of this Act  
 29 amending section 231C.17, being deemed of immediate  
 30 importance, takes effect upon enactment.

31 2. The section of this division of this Act  
 32 amending 2003 Iowa Acts, Senate File 401, being deemed  
 33 of immediate importance, takes effect upon enactment  
 34 and is retroactively applicable to April 11, 2003.

35 DIVISION IV

36 CORRECTIVE PROVISIONS

37 Sec. 32. Section 8A.505, as enacted by 2003 Iowa  
 38 Acts, House File 534, section 87, is amended by adding  
 39 the following new unnumbered paragraph:

40 NEW UNNUMBERED PARAGRAPH. There is appropriated  
 41 annually from the increase in indirect cost  
 42 reimbursements over the amount of indirect cost  
 43 reimbursements received during the fiscal year  
 44 beginning July 1, 2002, to the office of grants  
 45 enterprise management of the department of management  
 46 the sum of up to one hundred twenty-five thousand  
 47 dollars. The director shall transfer the funds  
 48 appropriated to the department of management as  
 49 provided in this paragraph and shall make the funds  
 50 resulting from the increase in reimbursements

**S-3408**

Page 14

1 available during the fiscal year to the department of  
2 management on a monthly basis. If the amount of the  
3 increase in indirect cost reimbursements is  
4 insufficient to pay the maximum appropriation provided  
5 for in this paragraph, the amount appropriated is  
6 equal to the amount of such increase.

7 Sec. 33. Section 12C.4, Code 2003, as amended by  
8 2003 Iowa Acts, House File 289, section 2, is amended  
9 to read as follows:

10 12C.4 LOCATION OF DEPOSITORIES.

11 Deposits by the treasurer of state shall be in  
12 depositories located in this state; by a county  
13 officer or county public hospital officer or merged  
14 area hospital officer, in depositories located in the  
15 county or in an adjoining county within this state; by  
16 a memorial hospital treasurer, in a depository located  
17 within this state which shall be selected by the  
18 memorial hospital treasurer and approved by the  
19 memorial hospital commission; by a city treasurer or  
20 other city financial officer, in depositories located  
21 in the county in which the city is located or in an  
22 adjoining county, but if there is no depository in the  
23 county in which the city is located or in an adjoining  
24 county then in any other depository located in this  
25 state which shall be selected as a depository by the  
26 city council; by a school treasurer or by a school  
27 secretary in a depository within this state which  
28 shall be selected by the board of directors or the  
29 trustees of the school district; by a township clerk  
30 in a depository located within this state which shall  
31 be selected by the township clerk and approved by the  
32 trustees of the township. However, deposits may be  
33 made in depositories outside of Iowa for the purpose  
34 of paying principal and interest on bonded  
35 indebtedness of any municipality when the deposit is  
36 made not more than ten days before the date the  
37 principal or interest becomes due. Further, the  
38 treasurer of state may maintain an account or accounts  
39 outside the state of Iowa for the purpose of providing  
40 custodial services for the state and state retirement  
41 fund accounts. Deposits made for the purpose of  
42 completing an electronic financial transaction  
43 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be  
44 made in any depository located in this state.

45 Sec. 34. Section 29A.28, subsection 3, as enacted  
46 by 2003 Iowa Acts, House File 674, section 3, is  
47 amended to read as follows:

48 3. Upon returning from a leave of absence under  
49 this section, an employee shall be entitled to return  
50 to the same position and classification held by the

**S-3408**

**S-3408**

Page 15

1 employee at the time of entry ~~onto~~ into state active  
2 duty, active state service, or federal service or to  
3 the position and classification that the employee  
4 would have been entitled to if the continuous civil  
5 service of the employee had not been interrupted by  
6 state active duty, active state service, or federal  
7 service. Under this subsection, "position" includes  
8 the geographical location of the position.

9 Sec. 35. Section 70A.39, subsection 1, paragraph  
10 b, as enacted by 2003 Iowa Acts, House File 381,  
11 section 1, is amended to read as follows:

12 b. ~~"Vascularized~~ "Vascular organ" means a heart,  
13 lung, liver, pancreas, kidney, intestine, or other  
14 organ that requires the continuous circulation of  
15 blood to remain useful for purposes of  
16 transplantation.

17 Sec. 36. Section 99B.7, subsection 1, paragraph 1,  
18 subparagraph (1), Code 2003, as amended by 2003 Iowa  
19 Acts, Senate File 453, section 104, if enacted, is  
20 amended to read as follows:

21 (1) No other gambling is engaged in at the same  
22 location, except that lottery tickets or shares issued  
23 by the Iowa lottery ~~division of the department of~~  
24 ~~revenue and finance~~ authority may be sold pursuant to  
25 chapter 99G.

26 Sec. 37. Section 507A.4, subsection 9, paragraph  
27 e, as enacted by 2003 Iowa Acts, House File 647,  
28 section 4, is amended to read as follows:

29 e. When not otherwise provided, a foreign or  
30 domestic multiple employee employer welfare  
31 arrangement doing business in this state shall pay to  
32 the commissioner of insurance the fees as required in  
33 section 511.24.

34 Sec. 38. Section 556.11, subsection 5, Code 2003,  
35 as amended by 2003 Iowa Acts, Senate File 180, section  
36 2, is amended to read as follows:

37 5. If the holder of property presumed abandoned  
38 under this chapter knows the whereabouts of the owner  
39 and if the owner's claim has not been barred by the  
40 statute of limitations, the holder shall, before  
41 filing the annual report, communicate with the owner  
42 and take necessary steps to prevent abandonment from  
43 being presumed. The holder shall exercise due  
44 diligence to ascertain the whereabouts of the owner. A  
45 holder is not required to make a due diligence mailing  
46 to owners whose property has an aggregate value of  
47 less than fifty dollars. The treasurer of state may  
48 charge a holder that fails to timely exercise due  
49 diligence, as required in this subsection, five  
50 dollars for each name and address account reported if

**S-3408**

**S-3408**

Page 16

1 thirty-five percent ~~of~~ or more of the accounts are  
2 claimed within the twenty-four months immediately  
3 following the filing of the holder report.

4 Sec. 39. 2003 Iowa Acts, Senate File 438, section  
5 3, is repealed.

6 Sec. 40. 2003 Iowa Acts, Senate File 453, section  
7 11, if enacted, is amended to read as follows:

8 SEC. 11. Sections ~~403.23~~, 405A.1, 405A.2, 405A.3,  
9 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,  
10 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are  
11 repealed.

12 Sec. 41. 2003 Iowa Acts, Senate File 458, section  
13 13, if enacted, is amended to read as follows:

14 SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The  
15 ~~provision~~ provisions in section 25B.7 relating to the  
16 proration of the property tax credits ~~does~~ and the  
17 estimation of the portion of the credit or exemption  
18 which will be funded do not apply with respect to the  
19 amount of state reimbursement for property tax credits  
20 under this division.

21 Sec. 42. 2003 Iowa Acts, Senate File 458, section  
22 159, if enacted, is amended to read as follows:

23 SEC. 159. EFFECTIVE DATES. The following  
24 provisions of this division of this Act, being deemed  
25 of immediate importance, take effect upon enactment:

26 1. The amendments to sections 8.23, 8.31, and 8.57  
27 which are first applicable to appropriations made for  
28 the fiscal year beginning July 1, 2003.

29 2. The amendment to section 12E.12.

30 3. The amendments to sections 15E.42, 15E.43,  
31 15E.45, and 15E.51, which apply retroactively to  
32 January 1, 2002, for tax years beginning on or after  
33 that date.

34 4. The amendment to section 15E.193B.

35 5. The amendment to section 435.26A.

36 6. The amendment to section 453A.2, which shall  
37 only take effect if 2003 Iowa Acts, Senate File 401,  
38 is enacted by the Eightieth General Assembly, 2003  
39 Regular Session.

40 7. The amendments to sections 453C.1 and 453C.2  
41 and the related severability provision.

42 8. The amendments to sections 518.18 and 518A.35.

43 9. The section directing the department of  
44 corrections to develop a plan for selling certain  
45 land.

46 10. The section relating to the sales and use tax  
47 refund.

48 11. The section relating to the school district  
49 reimbursement claim.

50 The sections of this division of this Act amending

**S-3408**

**S-3408**

Page 17

1 section 80B.5 and enacting section 80B.5A are  
2 applicable to the appointment of the director of the  
3 Iowa law enforcement academy for the term beginning  
4 May 1, 2004.

5 ~~Section 29C.8, subsection 3, paragraph "f", as~~  
6 ~~enacted in this division of this Act, and the~~  
7 ~~amendment to section 29C.20, subsection 1, as enacted~~  
8 ~~in this division of this Act, take effect July 1,~~  
9 ~~2004.~~

10 Sec. 43. 2003 Iowa Acts, House File 171, section  
11 112, the bill section amending clause, is amended to  
12 read as follows:

13 Section 656.2, subsection 2, paragraph a,  
14 unnumbered paragraph ~~1~~ 3, Code 2003, is amended to  
15 read as follows:

16 Sec. 44. 2003 Iowa Acts, House File 662, section  
17 5, subsection 8, paragraphs a and b, if enacted, are  
18 amended to read as follows:

19 a. Of the amount appropriated in this ~~section~~  
20 subsection, \$347,371 shall be allocated to the public  
21 broadcasting division for purposes of providing  
22 support for functions related to the Iowa  
23 communications network, including but not limited to  
24 the following functions: development of distance  
25 learning applications; development of a central  
26 information source on the internet relating to  
27 educational uses of the network; second-line technical  
28 support for network sites; testing and initializing  
29 sites onto the network; and coordinating the work of  
30 the education telecommunications council.

31 b. Of the amount appropriated in this ~~section~~  
32 subsection, \$1,272,285 shall be allocated to the  
33 regional telecommunications councils established in  
34 section 8D.5. The regional telecommunications  
35 councils shall use the funds to provide technical  
36 assistance for network classrooms, planning and  
37 troubleshooting for local area networks, scheduling of  
38 video sites, and other related support activities.

39 Sec. 45. 2003 Iowa Acts, House File 662, section  
40 6, unnumbered paragraph 2, if enacted, is amended to  
41 read as follows:

42 The funds allocated in this ~~subsection~~ section  
43 shall be distributed as follows:

44 Sec. 46. 2003 Iowa Acts, House File 662, section  
45 18, if enacted, is repealed.

46 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

47 1. The section of this division of this Act  
48 amending section 29A.28, subsection 3, being deemed of  
49 immediate importance, takes effect upon enactment and  
50 applies retroactively to January 1, 2003.

**S-3408**

S-3408

Page 18

1 2. The section of this division of this Act  
2 amending 2003 Iowa Acts, Senate File 458, section 159,  
3 being deemed of immediate importance, takes effect  
4 upon enactment.

5 3. 2003 Iowa Acts, Senate File 458, section 140,  
6 relating to nonreversion of funds appropriated in 1996  
7 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter  
8 215, if enacted, being deemed of immediate importance,  
9 takes effect upon enactment of this Act.

10 DIVISION V

11 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

12 Sec. 48. Section 331.234, subsections 3 and 4,  
13 Code 2003, as amended by 2003 Iowa Acts, Senate File  
14 390, section 4, if enacted, are amended to read as  
15 follows:

16 3. The board shall make available to the  
17 commission in-kind services such as office space,  
18 printing, supplies, and equipment. ~~The county and~~  
19 ~~shall pay from the segregated account established in~~  
20 ~~subsection 4, the other necessary expenses of the~~  
21 commission including compensation for secretarial,  
22 clerical, professional, and consultant services. The  
23 total annual expenses, not including the value of in-  
24 kind expenses, to be paid from public funds shall not  
25 exceed one hundred thousand dollars or an amount equal  
26 to thirty cents times the population of the commission  
27 area, according to the most recent certified federal  
28 census. The commission may employ staff as necessary.

29 4. ~~The~~ Except as otherwise provided in subsection  
30 5, the expenses of the commission shall be paid by  
31 each city and county participating in the charter  
32 process or may be paid from the general fund of the  
33 county. Expenses of the commission may also be paid  
34 from any combination of public or private funds  
35 available for that purpose. Each city's share shall  
36 be its pro rata share of the expenses based upon the  
37 ratio that the population of the city bears to the  
38 total population in the county. The county's share  
39 shall be its pro rata share of expenses based upon the  
40 ratio that the population of the unincorporated area  
41 of the county bears to the total population of the  
42 county. The amount paid by each city and county  
43 participating in the charter process shall be  
44 deposited in a segregated account maintained by the  
45 county. The commission's annual expenses may exceed  
46 the amount in subsection 3 only if the excess is paid  
47 from private funds. If a proposed charter is  
48 submitted to the electorate, private funds donated to  
49 the commission may be used to promote passage of the  
50 proposed charter.

S-3408

-18-



**S-3408**

Page 19

1 Sec. 49. Section 331.234, Code 2003, is amended by  
2 adding the following new subsection:

3 NEW SUBSECTION. 5. In the case of a city-county  
4 consolidation charter commission or a community  
5 commonwealth charter commission, the expenses of the  
6 commission shall be paid by each city and county  
7 participating in the charter process pursuant to  
8 section 331.233A. Each participating city's share  
9 shall be its pro rata share of the expenses based upon  
10 the ratio that the population of the city bears to the  
11 total population in the county. The remainder shall  
12 be paid from the general fund of the county. The  
13 amount paid by each city and county participating in  
14 the charter process shall be deposited in a segregated  
15 account maintained by the county.

16 Sec. 50. Section 331.235, subsection 3, Code 2003,  
17 as amended by 2003 Iowa Acts, Senate File 390, section  
18 5, if enacted, is amended to read as follows:

19 3. Within twenty months after organization, the  
20 commission shall submit the final report to the board.  
21 If the commission is created pursuant to section  
22 331.264, subsection 4, the commission shall submit the  
23 final report to the board within five months after  
24 submission of the preliminary report to the board  
25 pursuant to section 331.264, subsection 3. A  
26 commission created pursuant to section 331.264,  
27 subsection 4, may adopt a motion granting itself a  
28 sixty-day extension of time for submission of its  
29 final report. If the commission recommends a charter  
30 including a form of government other than the existing  
31 form of government, the final report shall include the  
32 full text and an explanation of the proposed charter,  
33 ~~a statement of whether the elected officers shall be~~  
34 ~~elected on a partisan or nonpartisan basis,~~ an  
35 analysis of the fiscal impact of the proposed charter,  
36 any comments deemed desirable by the commission, and  
37 any minority reports. The final report may recommend  
38 no change to the existing form of government and that  
39 no charter be submitted to the electorate, in which  
40 case, the report shall state the reasons for and  
41 against a change in the existing form of government.  
42 The final report shall be made available to the  
43 residents of the county upon request. A summary of  
44 the final report shall be published in the official  
45 newspapers of the county and in a newspaper of general  
46 circulation in each participating city.

47 Sec. 51. Section 331.238, subsection 4, if enacted  
48 by 2003 Iowa Acts, Senate File 390, section 9, is  
49 amended to read as follows:

50 4. ~~Subsections 1 and 2 do~~ This section does not

**S-3408**

**S-3408**

Page 20

1 apply to the city-county consolidated form of  
2 government or the community commonwealth form of  
3 government.

4 Sec. 52. Section 331.247, subsection 4, Code 2003,  
5 as amended by 2003 Iowa Acts, Senate File 390, section  
6 11, if enacted, is amended to read as follows:

7 4. If an alternative form of government for a  
8 consolidated unit of local government is proposed,  
9 approval of the consolidation charter shall be  
10 separate from approval of the alternative form of  
11 government in those cities proposed to be included in  
12 the consolidation. The question of whether the  
13 election of officers of the consolidated unit of local  
14 government shall be with regard to political  
15 affiliation shall be a separate question on the  
16 ballot. Adoption of the consolidation charter  
17 requires the approval of a majority of the votes cast  
18 in the entire county. A city named on the ballot is  
19 included in the consolidation if the proposed charter  
20 is approved by a majority of the votes cast in the  
21 city. The consolidation charter shall be effective in  
22 regard to a city government only if a majority of the  
23 voters of the city voting on the question voted for  
24 participation in the consolidation charter.

25 Sec. 53. Section 331.248, subsection 2, paragraph  
26 j, if enacted by 2003 Iowa Acts, Senate File 390,  
27 section 13, is amended by striking the paragraph and  
28 inserting in lieu thereof the following:

29 j. Provide for the effective date of the adopted  
30 charter.

31 Sec. 54. Section 331.252, Code 2003, as amended by  
32 2003 Iowa Acts, Senate File 390, section 18, if  
33 enacted, is amended by adding the following new  
34 unnumbered paragraph after unnumbered paragraph 2:

35 NEW UNNUMBERED PARAGRAPH. If the charter described  
36 on this ballot is adopted, should officers of the new  
37 government be elected with regard to political  
38 affiliation?

39 Sec. 55. Section 331.254, subsection 7, Code 2003,  
40 as amended by 2003 Iowa Acts, Senate File 390, section  
41 19, if enacted, is amended to read as follows:

42 7. The merger of the elective offices of each  
43 consolidating county with the election of new officers  
44 within sixty days after the effective date of the  
45 charter ~~which shall specifically provide whether the~~  
46 ~~election of new officers shall be on a partisan or~~  
47 ~~nonpartisan basis, notwithstanding section 331.238,~~  
48 ~~subsection 3.~~ The elections shall be conducted by the  
49 county commissioner of elections of each county. No  
50 primary election shall be held. Nominations shall be

**S-3408**

**S-3408**

Page 21

1 made pursuant to section 43.78 and chapters 44 and 45,  
2 as applicable, except that the filing deadline shall  
3 be forty days before the election.

4 Sec. 56. Section 331.261, subsection 11, Code  
5 2003, as amended by 2003 Iowa Acts, Senate File 390,  
6 section 22, if enacted, is amended by striking the  
7 subsection and inserting in lieu thereof the  
8 following:

9 11. The effective date of the adopted charter.

10 Sec. 57. Section 331.264, subsection 4, if enacted  
11 by 2003 Iowa Acts, Senate File 390, section 25, is  
12 amended to read as follows:

13 4. If the committee report recommends a city-  
14 county consolidation or community commonwealth, the  
15 committee shall continue its existence and be  
16 designated, and operate with the powers and duties of,  
17 a commission created pursuant to section 331.233A. If  
18 the committee report recommends a multicounty  
19 consolidation, the committee shall continue its  
20 existence and be designated, and operate with the  
21 powers and duties of, a commission created pursuant to  
22 section 331.233. ~~If the committee recommends an  
23 alternative form of government, that recommendation  
24 shall state whether elections conducted under that  
25 form of government shall be partisan or nonpartisan.~~

26 Sec. 58. EFFECTIVE AND APPLICABILITY DATES. This  
27 division of this Act, being deemed of immediate  
28 importance, takes effect upon enactment and applies to  
29 charter commissions in existence on that date.

## DIVISION VI

## CRIMINAL OFFENDERS AND INMATES

31 Sec. 59. Section 321J.2, subsection 2, paragraph  
32 a, subparagraph (1), Code 2003, is amended to read as  
33 follows:  
34

35 (1) Imprisonment in the county jail for not less  
36 than forty-eight hours, to be served as ordered by the  
37 court, less credit for any time the person was  
38 confined in a jail or detention facility following  
39 arrest or for any time the person spent in a court-  
40 ordered operating-while-intoxicated program that  
41 provides law enforcement security. However, the  
42 court, in ordering service of the sentence and in its  
43 discretion, may accommodate the defendant's work  
44 schedule.

45 Sec. 60. NEW SECTION. 811.2A PRETRIAL RELEASE.

46 A person, who has been released under a plan of  
47 pretrial release or on the person's own recognizance  
48 and who is subsequently arrested for a new criminal  
49 offense while under the plan of pretrial release or  
50 released on the person's own recognizance, shall not

**S-3408**

**S-3408**

Page 22

1 be eligible for another release pursuant to pretrial  
2 release guidelines or released on the person's own  
3 recognizance, if all of the following apply:

4 1. The arrest for the new criminal offense is  
5 based on a set of facts or an event that is different  
6 than involved in the earlier arrest.

7 2. The new criminal offense is classified as  
8 greater than a serious misdemeanor.

9 However, a person may be admitted to bail if  
10 eligible pursuant to section 811.1.

11 Sec. 61. Section 901.4, Code 2003, is amended to  
12 read as follows:

13 901.4 PRESENTENCE INVESTIGATION REPORT  
14 CONFIDENTIAL -- DISTRIBUTION.

15 The presentence investigation report is  
16 confidential and the court shall provide safeguards to  
17 ensure its confidentiality, including but not limited  
18 to sealing the report, which may be opened only by  
19 further court order. At least three days prior to the  
20 date set for sentencing, the court shall serve all of  
21 the presentence investigation report upon the  
22 defendant's attorney and the attorney for the state,  
23 and the report shall remain confidential except upon  
24 court order. However, the court may conceal the  
25 identity of the person who provided confidential  
26 information. The report of a medical examination or  
27 psychological or psychiatric evaluation shall be made  
28 available to the attorney for the state and to the  
29 defendant upon request. The reports are part of the  
30 record but shall be sealed and opened only on order of  
31 the court. If the defendant is committed to the  
32 custody of the Iowa department of corrections and is  
33 not a class "A" felon, a copy of the presentence  
34 investigation report shall be forwarded to the  
35 director with the order of commitment by the clerk of  
36 the district court and to the board of parole at the  
37 time of commitment. The Pursuant to section 904.602,  
38 the presentence investigation report may also be  
39 released by the department of corrections or a  
40 judicial district department of correctional services  
41 pursuant to section 904.602 to another jurisdiction  
42 for the purpose of providing interstate probation and  
43 parole compact services or evaluations, or to a  
44 substance abuse or mental health services provider  
45 when referring a defendant for services. The  
46 defendant or the defendant's attorney may file with  
47 the presentence investigation report, a denial or  
48 refutation of the allegations, or both, contained in  
49 the report. The denial or refutation shall be  
50 included in the report. If the person is sentenced

**S-3408**

**S-3408**

Page 23

1 for an offense which requires registration under  
2 chapter 692A, the court shall release the report to  
3 the department which is responsible under section  
4 692A.13A for performing the assessment of risk.

5 Sec. 62. Section 901B.1, subsection 1, paragraph  
6 c, subparagraph (5), Code 2003, is amended to read as  
7 follows:

8 (5) A substance abuse treatment facility as  
9 established and operated by the Iowa department of  
10 public health or the department of corrections.

11 Sec. 63. Section 903A.2, subsection 1, paragraph  
12 a, Code 2003, is amended to read as follows:

13 a. Category "A" sentences are those sentences  
14 which are not subject to a maximum accumulation of  
15 earned time of fifteen percent of the total sentence  
16 of confinement under section 902.12. To the extent  
17 provided in subsection 5, category "A" sentences also  
18 include life sentences imposed under section 902.1.  
19 An inmate of an institution under the control of the  
20 department of corrections who is serving a category  
21 "A" sentence is eligible for a reduction of sentence  
22 equal to one and two-tenths days for each day the  
23 inmate demonstrates good conduct and satisfactorily  
24 participates in any program or placement status  
25 identified by the director to earn the reduction. The  
26 programs include but are not limited to the following:

27 (1) Employment in the institution.

28 (2) Iowa state industries.

29 (3) An employment program established by the  
30 director.

31 (4) A treatment program established by the  
32 director.

33 (5) An inmate educational program approved by the  
34 director.

35 An inmate serving a category "A" sentence is  
36 eligible for an additional reduction of sentence of up  
37 to three hundred sixty-five days of the full term of  
38 the sentence of the inmate for exemplary acts. In  
39 accordance with section 903A.4, the director shall by  
40 policy identify what constitutes an exemplary act that  
41 may warrant an additional reduction of sentence.

42 Sec. 64. Section 903A.3, subsection 2, Code 2003,  
43 is amended to read as follows:

44 2. The orders of the administrative law judge are  
45 subject to appeal to the superintendent or warden of  
46 the institution, or the superintendent's or warden's  
47 designee, who may either affirm, modify, remand for  
48 correction of procedural errors, or reverse an order.  
49 However, sanctions shall not be increased on appeal.

50 ~~A decision of the superintendent, warden, or designee~~

**S-3408**

**S-3408**

Page 24

1 ~~is subject to review by the director of the Iowa~~  
2 ~~department of corrections who may either affirm,~~  
3 ~~modify, remand for correction of procedural errors, or~~  
4 ~~reverse the decision. However, sanctions shall not be~~  
5 ~~increased on review.~~

6 Sec. 65. NEW SECTION. 904.117 INTERSTATE COMPACT  
7 FUND.

8 An interstate compact fund is established under the  
9 control of the department. All interstate compact  
10 fees collected by the department pursuant to section  
11 907B.5 shall be deposited into the fund and the moneys  
12 shall be used by the department to offset the costs of  
13 complying with the interstate compact for adult  
14 offender supervision in chapter 907B. Notwithstanding  
15 section 8.33, moneys remaining in the fund at the end  
16 of a fiscal year shall not revert to the general fund  
17 of the state. Notwithstanding section 12C.7, interest  
18 and earnings deposited in the fund shall be credited  
19 to the fund.

20 Sec. 66. Section 904.503, subsection 2, Code 2003,  
21 is amended to read as follows:

22 2. When the director has cause to believe that an  
23 inmate in a state correctional institution is mentally  
24 ill, the Iowa department of corrections may cause the  
25 inmate to be transferred to the Iowa medical and  
26 classification center, or to another appropriate  
27 facility within the department, for examination,  
28 diagnosis, or treatment. The inmate shall be confined  
29 at that institution center or facility or a state  
30 hospital for persons with mental illness until the  
31 expiration of the inmate's sentence or until the  
32 inmate is pronounced in good mental health. If the  
33 inmate is pronounced in good mental health before the  
34 expiration of the inmate's sentence, the inmate shall  
35 be returned to the state correctional institution  
36 until the expiration of the inmate's sentence.

37 Sec. 67. Section 904.508, subsection 2, Code 2003,  
38 is amended to read as follows:

39 2. The Pursuant to section 904.702, the director  
40 shall establish and maintain an inmate savings fund in  
41 an interest-bearing account for the deposit of all or  
42 part of an inmate's allowances, as provided in section  
43 904.702 and amounts, except amounts directed to be  
44 deposited in the inmate telephone fund established in  
45 section 904.508A, sent to the inmate from a source  
46 other than the department. All or part of an inmate's  
47 allowances and amounts, except amounts directed to be  
48 deposited in the inmate telephone fund established in  
49 section 904.508A, from a source other than the  
50 department shall be deposited into the savings fund,

**S-3408**

**S-3408**

Page 25

1 until the inmate's deposit is equal to ~~the amount due~~  
2 ~~the inmate upon discharge, parole, or placement on~~  
3 ~~work release, one hundred dollars~~ as provided in  
4 section 906.9. If an inmate's deposits are equal ~~this~~  
5 ~~amount to or in excess of one hundred dollars~~, the  
6 inmate may voluntarily withdraw from the savings fund.  
7 The director shall notify the inmate of this right to  
8 withdraw and shall provide the inmate with a written  
9 request form to facilitate the withdrawal. If the  
10 inmate withdraws and the inmate's deposits exceed the  
11 amount due as provided in section 906.9, the director  
12 shall disburse the excess amount as provided for  
13 allowances under section 904.702, except the director  
14 shall not deposit the excess amount in the inmate  
15 savings fund. If the inmate chooses to continue to  
16 participate in the savings fund, the inmate's deposits  
17 shall be returned to the inmate upon discharge,  
18 parole, or placement on work release. Otherwise, the  
19 inmate's deposits shall be disposed of as provided in  
20 subsection 3. An inmate's deposits into the savings  
21 fund may be used to provide the money due the inmate  
22 upon discharge, parole, or placement on work release,  
23 as required under section 906.9. Interest earned from  
24 the savings fund shall be placed in a separate  
25 account, and may be used for purchases approved by the  
26 director to directly and collectively benefit inmates.

27 Sec. 68. Section 904.508A, Code 2003, is amended  
28 to read as follows:

29 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.

30 The department is authorized to establish and  
31 maintain an inmate telephone ~~rebate~~ fund in ~~each~~  
32 ~~institution~~ for the deposit of moneys received for  
33 inmate telephone ~~rebates~~ calls. All funds deposited  
34 in this fund shall be used for the benefit of inmates.  
35 The director shall adopt rules providing for the  
36 disbursement of moneys from the fund.

37 Sec. 69. Section 904.513, subsection 1, paragraph  
38 b, subparagraph (4), Code 2003, is amended to read as  
39 follows:

40 (4) Assignment may also be made on the basis of  
41 the offender's treatment program performance, as a  
42 disciplinary measure, for medical needs, and for space  
43 availability at community residential facilities. If  
44 there is insufficient space at a community residential  
45 facility, the court may order an offender to be  
46 released to the supervision of the judicial district  
47 department of correctional services, ~~or~~ held in jail,  
48 or committed to the custody of the director of the  
49 department of corrections for assignment to an  
50 appropriate correctional facility until there is

**S-3408**

**S-3408**

Page 26

1 sufficient space at a community residential facility.

2 Sec. 70. Section 904.702, unnumbered paragraph 1,  
3 Code 2003, is amended to read as follows:

4 If allowances are paid pursuant to section 904.701,  
5 the director shall establish an inmate account, for  
6 deposit of those allowances and for deposit of moneys  
7 sent to the inmate from a source other than the  
8 department of corrections. The director may deduct an  
9 amount, not to exceed ten percent of the amount of the  
10 allowance, unless the inmate requests a larger amount,  
11 to be deposited into the inmate savings fund as  
12 required under section 904.508, subsection 2. In  
13 addition to deducting a portion of the allowance, the  
14 director may also deduct from an inmate account any  
15 amount, except amounts directed to be deposited in the  
16 inmate telephone fund established in section 904.508A,  
17 sent to the inmate from a source other than the  
18 department of corrections for deposit in the inmate  
19 savings fund as required under section 904.508,  
20 subsection 2, until the amount in the fund equals the  
21 amount due the inmate upon discharge, parole, or  
22 placement on work release. The director shall deduct  
23 from the inmate account an amount established by the  
24 inmate's restitution plan of payment. The director  
25 shall also deduct from any remaining account balance  
26 an amount sufficient to pay all or part of any  
27 judgment against the inmate, including but not limited  
28 to judgments for taxes and child support, and court  
29 costs and fees assessed either as a result of the  
30 inmate's confinement or amounts required to be paid  
31 under section 610A.1. Written notice of the amount of  
32 the deduction shall be given to the inmate, who shall  
33 have five days after receipt of the notice to submit  
34 in writing any and all objections to the deduction to  
35 the director, who shall consider the objections prior  
36 to transmitting the deducted amount to the clerk of  
37 the district court. The director need give only one  
38 notice for each action or appeal under section 610A.1  
39 for which periodic deductions are to be made. The  
40 director shall next deduct from any remaining account  
41 balance an amount sufficient to pay all or part of any  
42 costs assessed against the inmate for misconduct or  
43 damage to the property of others. The director may  
44 deduct from the inmate's account an amount sufficient  
45 to pay for the inmate's share of the costs of health  
46 services requested by the inmate and for the treatment  
47 of injuries inflicted by the inmate on the inmate or  
48 others. The director may deduct and disburse an  
49 amount sufficient for industries' programs to qualify  
50 under the eligibility requirements established in the

**S-3408**

-26-



**S-3408**

Page 27

1 Justice Assistance Act of 1984, Pub. L. No. 98-473,  
2 including an amount to pay all or part of the cost of  
3 the inmate's incarceration. The director may pay all  
4 or any part of remaining allowances paid pursuant to  
5 section 904.701 directly to a dependent of the inmate,  
6 or may deposit the allowance to the account of the  
7 inmate, or may deposit a portion and allow the inmate  
8 a portion for the inmate's personal use.

9 Sec. 71. Section 907.4, Code 2003, is amended to  
10 read as follows:

11 907.4 DEFERRED JUDGMENT DOCKET.

12 A deferment of judgment under section 907.3 shall  
13 be reported promptly by the clerk of the district  
14 court, or the clerk's designee, to the state court  
15 administrator for entry in the deferred judgment  
16 docket. The docket shall contain a permanent record  
17 of the deferred judgment including the name and date  
18 of birth of the defendant, the district court docket  
19 number, the nature of the offense, and the date of the  
20 deferred judgment. Before granting deferred judgment  
21 in any case, the court shall request of the state  
22 court administrator a search of the deferred judgment  
23 docket and shall consider any prior record of a  
24 deferred judgment against the defendant. The  
25 permanent record provided for in this section is a  
26 confidential record exempted from public access under  
27 section 22.7 and shall be available only to justices  
28 of the supreme court, judges of the court of appeals,  
29 district judges, district associate judges, judicial  
30 magistrates, clerks of the district court, judicial  
31 district departments of correctional services, and  
32 county attorneys requesting information pursuant to  
33 this section, or the designee of a justice, judge,  
34 magistrate, clerk, judicial district department of  
35 correctional services, or county attorney.

36 Sec. 72. Section 907.9, subsections 1, 2, and 4,  
37 Code 2003, are amended to read as follows:

38 1. At any time that the court determines that the  
39 purposes of probation have been fulfilled and the fees  
40 imposed under section 905.14 have been paid ~~to or~~  
41 ~~waived by the judicial district department of~~  
42 ~~correctional services or on condition that unpaid~~  
43 supervision fees be paid, the court may order the  
44 discharge of a person from probation.

45 2. At any time that a probation officer determines  
46 that the purposes of probation have been fulfilled and  
47 the fees imposed under section 905.14 have been paid  
48 ~~to or waived by the judicial district department of~~  
49 ~~correctional services or on condition that unpaid~~  
50 supervision fees be paid, the officer may order the

**S-3408**

**S-3408**

Page 28

1 discharge of a person from probation after approval of  
2 the district director and notification of the  
3 sentencing court and the county attorney who  
4 prosecuted the case.

5 4. At the expiration of the period of probation  
6 and if the fees imposed under section 905.14 have been  
7 ~~paid to or waived by the judicial district department~~  
8 ~~of correctional services~~ or on condition that unpaid  
9 supervision fees be paid, the court shall order the  
10 discharge of the person from probation, and the court  
11 shall forward to the governor a recommendation for or  
12 against restoration of citizenship rights to that  
13 person. A person who has been discharged from  
14 probation shall no longer be held to answer for the  
15 person's offense. Upon discharge from probation, if  
16 judgment has been deferred under section 907.3, the  
17 court's criminal record with reference to the deferred  
18 judgment shall be expunged. The record maintained by  
19 the state court administrator as required by section  
20 907.4 shall not be expunged. The court's record shall  
21 not be expunged in any other circumstances.

22 Sec. 73. NEW SECTION. 907B.4 INTERSTATE COMPACT  
23 FEE.

24 The department of corrections may assess a fee, not  
25 to exceed one hundred dollars, for an application to  
26 transfer out of the state under the interstate compact  
27 for adult offender supervision. The fee may be waived  
28 by the department. The moneys collected pursuant to  
29 this section shall be deposited into the interstate  
30 compact fund established in section 904.117 and shall  
31 be used to offset the costs of complying with the  
32 interstate compact for adult offender supervision.

33 Sec. 74. Section 910.3B, Code 2003, is amended to  
34 read as follows:

35 910.3B RESTITUTION FOR DEATH OF VICTIM.

36 1. In all criminal cases in which the offender is  
37 convicted of a felony in which the act or acts  
38 committed by the offender caused the death of another  
39 person, in addition to the amount determined to be  
40 payable and ordered to be paid to a victim for  
41 pecuniary damages, as defined under section 910.1, and  
42 determined under section 910.3, the court shall also  
43 order the offender to pay at least one hundred fifty  
44 thousand dollars in restitution to the victim's estate  
45 if the victim died testate. If the victim died  
46 intestate the court shall order the offender to pay  
47 the restitution to the victim's heirs at law as  
48 determined pursuant to section 633.210. The  
49 obligation to pay the additional amount shall not be  
50 dischargeable in any proceeding under the federal

**S-3408**

S-3408

Page 29

1 Bankruptcy Act. Payment of the additional amount  
2 shall have the same priority as payment of a victim's  
3 pecuniary damages under section 910.2, in the  
4 offender's plan for restitution.

5 2. An award under this section does not preclude  
6 or supersede the right of a victim's estate or heirs  
7 at law to bring a civil action against the offender  
8 for damages arising out of the same facts or event.  
9 However, no evidence relating to the entry of the  
10 judgment against the offender pursuant to this section  
11 or the amount of the award ordered pursuant to this  
12 section shall be permitted to be introduced in any  
13 civil action for damages arising out of the same facts  
14 or event.

15 3. An offender who is ordered to pay a victim's  
16 estate or heirs at law under this section is precluded  
17 from denying the elements of the felony offense which  
18 resulted in the order for payment in any subsequent  
19 civil action for damages arising out of the same facts  
20 or event.

21 Sec. 75. Section 915.100, subsection 2, paragraph  
22 c, Code 2003, is amended to read as follows:

23 c. In cases where the act committed by an offender  
24 causes the death of another person, in addition to the  
25 amount ordered for payment of the victim's pecuniary  
26 damages, the court shall also order the offender to  
27 pay at least one hundred fifty thousand dollars in  
28 restitution to the victim's estate or heirs at law,  
29 pursuant to the provisions of section 910.3B.

30 DIVISION VII

31 ECONOMIC DEVELOPMENT APPROPRIATIONS

32 Sec. 76. MARKETING APPROPRIATION.

33 1. There is appropriated from the grow Iowa fund  
34 created in section 15G.107, if enacted by 2003 Iowa  
35 Acts, House File 692 or another Act, to the department  
36 of economic development, for the fiscal period  
37 beginning July 1, 2004, and ending June 30, 2010, the  
38 following amounts, or so much thereof as is necessary,  
39 to be used for the purpose designated:

40 For implementing and administering the marketing  
41 strategy approved under section 15G.108, if enacted by  
42 2003 Iowa Acts, House File 692 or another Act:

43	FY 2004-2005.....	\$ 10,000,000
44	FY 2005-2006.....	\$ 10,000,000
45	FY 2006-2007.....	\$ 5,000,000
46	FY 2007-2008.....	\$ 5,000,000
47	FY 2008-2009.....	\$ 5,000,000
48	FY 2009-2010.....	\$ 2,500,000

49 2. Notwithstanding section 8.33, moneys that  
50 remain unexpended at the end of a fiscal year shall

S-3408

Page 30

1 not revert to any fund but shall remain available for  
2 expenditure for the designated purposes during the  
3 succeeding fiscal year.

4 Sec. 77. DEPARTMENT OF ECONOMIC DEVELOPMENT  
5 APPROPRIATION.

6 1. There is appropriated from the grow Iowa fund  
7 created in section 15G.107, if enacted by 2003 Iowa  
8 Acts, House File 692 or another Act, to the department  
9 of economic development for the fiscal period  
10 beginning July 1, 2003, and ending June 30, 2010, the  
11 following amounts, or so much thereof as is necessary,  
12 to be used for the purpose designated:

13 For programs administered by the department of  
14 economic development:

15	FY 2003-2004.....	\$ 41,575,000
16	FY 2004-2005.....	\$ 31,575,000
17	FY 2005-2006.....	\$ 35,000,000
18	FY 2006-2007.....	\$ 32,500,000
19	FY 2007-2008.....	\$ 30,500,000
20	FY 2008-2009.....	\$ 13,500,000
21	FY 2009-2010.....	\$ 13,500,000

22 2. Notwithstanding section 8.33, moneys that  
23 remain unexpended at the end of a fiscal year shall  
24 not revert to any fund but shall remain available for  
25 expenditure for the designated purposes during the  
26 succeeding fiscal year.

27 3. Each year that moneys are appropriated under  
28 this section, the grow Iowa board shall allocate a  
29 percentage of the moneys for each of the following  
30 types of activities:

- 31 a. Business start-ups.
- 32 b. Business expansion.
- 33 c. Business modernization.
- 34 d. Business attraction.
- 35 e. Business retention.
- 36 f. Marketing.

37 4. An applicant for moneys appropriated under this  
38 section shall be required by the department to include  
39 in the application a statement regarding the intended  
40 return on investment. A recipient of moneys  
41 appropriated under this section shall annually submit  
42 a statement to the department regarding the progress  
43 achieved on the intended return on investment stated  
44 in the application. The department, in cooperation  
45 with the department of revenue and finance, shall  
46 develop a method of identifying and tracking each new  
47 job created through financial assistance from moneys  
48 appropriated under this section.

49 5. The department may use moneys appropriated  
50 under this section to procure technical assistance

S-3408

Page 31

1 from either the public or private sector, for  
2 information technology purposes, and for rail, air, or  
3 river port transportation-related purposes. The use  
4 of moneys appropriated for rail, air, or river port  
5 transportation-related purposes must be directly  
6 related to an economic development project and the  
7 moneys must be used to leverage other financial  
8 assistance moneys.

9 6. Of the moneys appropriated under this section,  
10 the department may use one-quarter of one percent for  
11 administrative purposes.

12 7. The grow Iowa board is required to approve or  
13 deny applications for financial assistance from moneys  
14 appropriated under this section.

15 Sec. 78. UNIVERSITY AND COLLEGE FINANCIAL  
16 ASSISTANCE APPROPRIATION.

17 1. There is appropriated from the grow Iowa fund  
18 created in section 15G.107, if enacted by 2003 Iowa  
19 Acts, House File 692 or another Act, to the grow Iowa  
20 board for the fiscal period beginning July 1, 2003,  
21 and ending June 30, 2010, the following amounts, or so  
22 much thereof as is necessary, to be used for the  
23 purposes designated:

24 For financial assistance for institutions of higher  
25 learning under the control of the state board of  
26 regents and for accredited private institutions as  
27 defined in section 261.9 for multiuse, goods  
28 manufacturing processes approved by the food and drug  
29 administration of the United States department of  
30 health and human services, protein purification  
31 facilities for plant, animal, and chemical  
32 manufactured proteins; upgrading food and drug  
33 administration drug approval laboratories in Iowa City  
34 to a larger multiclient, goods manufacturing processes  
35 facility; crop and animal livestock facilities for the  
36 growing of transgenic crops and livestock; and  
37 advanced laboratory space:

38	FY 2003-2004.....	\$	5,325,000
39	FY 2004-2005.....	\$	5,325,000
40	FY 2005-2006.....	\$	5,325,000
41	FY 2006-2007.....	\$	5,325,000
42	FY 2007-2008.....	\$	5,325,000
43	FY 2008-2009.....	\$	5,325,000
44	FY 2009-2010.....	\$	5,325,000

45 2. Notwithstanding section 8.33, moneys that  
46 remain unexpended at the end of a fiscal year shall  
47 not revert to any fund but shall remain available for  
48 expenditure for the designated purposes during the  
49 succeeding fiscal year.

50 3. In the distribution of moneys appropriated

S-3408

S-3408

Page 32

1 pursuant to this section, the grow Iowa board shall  
2 examine the potential for using moneys appropriated  
3 pursuant to this section to leverage other moneys for  
4 financial assistance to accredited private  
5 institutions.

6 4. In awarding moneys appropriated pursuant to  
7 this section, the grow Iowa board shall consider  
8 whether the purchase of suitable existing  
9 infrastructure is more cost-efficient than building  
10 new infrastructure.

11 5. An institution of higher learning under the  
12 control of the state board of regents may apply to use  
13 financial assistance moneys under this section for  
14 purposes of a public and private joint venture to  
15 acquire infrastructure assets or research facilities  
16 or to leverage moneys in a manner consistent with  
17 meeting the goals and performance measures provided in  
18 section 15G.106, if enacted by 2003 Iowa Acts, House  
19 File 692 or another Act.

20 Sec. 79. REHABILITATION PROJECT TAX CREDITS  
21 APPROPRIATION.

22 1. There is appropriated from the grow Iowa fund  
23 created in section 15G.107, if enacted by 2003 Iowa  
24 Acts, House File 692 or another Act, to the general  
25 fund of the state, for the fiscal period beginning  
26 July 1, 2003, and ending June 30, 2010, the following  
27 amounts, or so much thereof as is necessary, to be  
28 used for the purpose designated:

29 For payment of tax credits approved pursuant to  
30 section 404A.4 for projects located in certified  
31 cultural and entertainment districts:

32 FY 2003-2004.....	\$	700,000
33 FY 2004-2005.....	\$	700,000
34 FY 2005-2006.....	\$	700,000
35 FY 2006-2007.....	\$	700,000
36 FY 2007-2008.....	\$	700,000
37 FY 2008-2009.....	\$	700,000
38 FY 2009-2010.....	\$	700,000

39 2. Notwithstanding section 8.33, moneys that  
40 remain unexpended at the end of a fiscal year shall  
41 not revert to any fund but shall remain available for  
42 expenditure for the designated purposes during the  
43 succeeding fiscal year.

44 Sec. 80. LOAN AND CREDIT GUARANTEE FUND  
45 APPROPRIATION.

46 1. There is appropriated from the grow Iowa fund  
47 created in section 15G.107, if enacted by 2003 Iowa  
48 Acts, House File 692 or another Act, to the department  
49 of economic development for the fiscal period  
50 beginning July 1, 2003, and ending June 30, 2010, the

S-3408

Page 33

1 following amounts, or so much thereof as is necessary,  
2 to be used for the purpose designated:

3 For deposit in the loan and credit guarantee fund  
4 created in section 15E.227:

5 FY 2003-2004.....	\$ 2,500,000
6 FY 2004-2005.....	\$ 7,500,000
7 FY 2005-2006.....	\$ 8,575,000
8 FY 2006-2007.....	\$ 11,075,000
9 FY 2007-2008.....	\$ 13,075,000
10 FY 2008-2009.....	\$ 35,075,000
11 FY 2009-2010.....	\$ 37,575,000

12 2. Notwithstanding section 8.33, moneys that  
13 remain unexpended at the end of a fiscal year shall  
14 not revert to any fund but shall remain available for  
15 expenditure for the designated purpose during the  
16 succeeding fiscal year.

17 Sec. 81. ENDOW IOWA TAX CREDITS.

18 1. There is appropriated from the grow Iowa fund  
19 created in section 15G.107, if enacted by 2003 Iowa  
20 Acts, House File 692 or another Act, to the general  
21 fund of the state, for the fiscal period beginning  
22 July 1, 2003, and ending June 30, 2010, the following  
23 amounts, or so much thereof as is necessary, to be  
24 used for the purpose designated:

25 For payment of endow Iowa tax credits authorized  
26 pursuant to section 15E.305:

27 FY 2003-2004.....	\$ 200,000
28 FY 2004-2005.....	\$ 200,000
29 FY 2005-2006.....	\$ 200,000
30 FY 2006-2007.....	\$ 200,000
31 FY 2007-2008.....	\$ 200,000
32 FY 2008-2009.....	\$ 200,000
33 FY 2009-2010.....	\$ 200,000

34 2. Notwithstanding section 8.33, moneys that  
35 remain unexpended at the end of a fiscal year shall  
36 not revert to any fund but shall remain available for  
37 expenditure for the designated purposes during the  
38 succeeding fiscal year.

39 Sec. 82. ENDOW IOWA GRANTS APPROPRIATION.

40 1. There is appropriated from the grow Iowa fund  
41 created in section 15G.107, if enacted by 2003 Iowa  
42 Acts, House File 692 or another Act, to the department  
43 of economic development for the fiscal period  
44 beginning July 1, 2003, and ending June 30, 2010, the  
45 following amounts, or so much thereof as is necessary,  
46 to be used for the purpose designated:

47 For endow Iowa grants to lead philanthropic  
48 entities pursuant to section 15E.304:

49 FY 2003-2004.....	\$ 200,000
50 FY 2004-2005.....	\$ 200,000

S-3408

Page 34

1	FY 2005-2006.....	\$	200,000
2	FY 2006-2007.....	\$	200,000
3	FY 2007-2008.....	\$	200,000
4	FY 2008-2009.....	\$	200,000
5	FY 2009-2010.....	\$	200,000

6 2. Notwithstanding section 8.33, moneys that  
7 remain unexpended at the end of a fiscal year shall  
8 not revert to any fund but shall remain available for  
9 expenditure for the designated purposes during the  
10 succeeding fiscal year.

11 Sec. 83. ANTICIPATED FEDERAL MONEYS --  
12 APPROPRIATION.

13 1. There is appropriated from the fund created by  
14 section 8.41, for the fiscal period beginning July 1,  
15 2003, and ending June 30, 2005, the following amounts  
16 to be used for the purpose designated:

17 For deposit in the grow Iowa fund created in  
18 section 15G.107, if enacted by 2003 Iowa Acts, House  
19 File 692 or another Act:

20	FY 2003-2004.....	\$	59,000,000
21	FY 2004-2005.....	\$	41,000,000

22 2. Moneys appropriated in this section are moneys  
23 anticipated to be received from the federal government  
24 for state and local government fiscal relief under the  
25 federal Jobs and Growth Tax Relief Reconciliation Act  
26 of 2003 and shall be expended as provided in the  
27 federal law making the moneys available and in  
28 conformance with chapter 17A.

29 3. Notwithstanding section 8.33, moneys that  
30 remain unexpended at the end of a fiscal year shall  
31 not revert to any fund but shall remain available for  
32 expenditure for the designated purposes during the  
33 succeeding fiscal year.

34 Sec. 84. STREAMLINED SALES AND USE TAX REVENUE --  
35 APPROPRIATION.

36 1. There is appropriated from the general fund of  
37 the state from moneys credited to the general fund of  
38 the state as a result of entering into the streamlined  
39 sales and use tax agreement, for the fiscal period  
40 beginning July 1, 2003, and ending June 30, 2010, the  
41 following amounts to be used for the purpose  
42 designated:

43 For deposit in the grow Iowa fund created in  
44 section 15G.107, if enacted by 2003 Iowa Acts, House  
45 File 692 or another Act:

46	FY 2003-2004.....	\$	5,000,000
47	FY 2004-2005.....	\$	23,000,000
48	FY 2005-2006.....	\$	75,000,000
49	FY 2006-2007.....	\$	75,000,000
50	FY 2007-2008.....	\$	75,000,000



S-3408

Page 35

1 FY 2008-2009..... \$ 75,000,000

2 FY 2009-2010..... \$ 75,000,000

3 2. For purposes of this section, "moneys credited  
4 to the general fund of the state as a result of  
5 entering into the streamlined sales and use tax  
6 agreement" means the amount of sales and use tax  
7 receipts credited to the general fund of the state  
8 during a fiscal year that exceeds by two percent or  
9 more the total sales and use tax receipts credited to  
10 the general fund of the state during the previous  
11 fiscal year.

12 3. If the moneys credited to the general fund of  
13 the state as a result of entering into the streamlined  
14 sales and use tax agreement during a fiscal year total  
15 less than the amount appropriated in this section, the  
16 appropriation in this section shall be reduced to  
17 equal the total amount of the moneys so credited.

18 4. Notwithstanding section 8.33, moneys that  
19 remain unexpended at the end of a fiscal year shall  
20 not revert to any fund but shall remain available for  
21 expenditure for the designated purposes during the  
22 succeeding fiscal year.

23 DIVISION VIII

24 WORKFORCE-RELATED ISSUES

25 Sec. 85. NEW SECTION. 260C.18A WORKFORCE  
26 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

27 1. a. A workforce training and economic  
28 development fund is created for each community  
29 college. Moneys shall be deposited and expended from  
30 a fund as provided under this section.

31 b. Moneys in the funds shall consist of any moneys  
32 appropriated by the general assembly and any other  
33 moneys available to and obtained or accepted by the  
34 department of economic development from federal  
35 sources or private sources for placement in the funds.  
36 Notwithstanding section 8.33, moneys in the funds at  
37 the end of each fiscal year shall not revert to any  
38 other fund but shall remain in the funds for  
39 expenditure in subsequent fiscal years.

40 2. On July 1 of each year for the fiscal year  
41 beginning July 1, 2003, and for every fiscal year  
42 thereafter, moneys from the grow Iowa fund created in  
43 section 15G.107, if enacted by 2003 Iowa Acts, House  
44 File 692 or another Act, are appropriated to the  
45 department of economic development for deposit in the  
46 workforce training and economic development funds in  
47 amounts determined pursuant to subsection 3. Moneys  
48 deposited in the funds and disbursed to community  
49 colleges for a fiscal year shall be expended for the  
50 following purposes:

**S-3408**

Page 36

1 a. Projects in which an agreement between a  
2 community college and an employer located within the  
3 community college's merged area meet all of the  
4 requirements of the accelerated career education  
5 program under chapter 260G. However, moneys used by  
6 the community colleges from the workforce training and  
7 economic development fund for these projects shall be  
8 in lieu of the program job credits provided under  
9 chapter 260G. Projects using moneys from the  
10 workforce training and economic development fund under  
11 this paragraph shall be in accordance with rules  
12 adopted by the department of economic development  
13 under chapter 260G.

14 b. Projects in which an agreement between a  
15 community college and a business meet all the  
16 requirements of the Iowa jobs training Act under  
17 chapter 260F. However, when moneys are provided  
18 through the grow Iowa fund for such projects, section  
19 260F.6, subsections 1 and 2, and section 260F.8 shall  
20 not apply. Projects using moneys from the workforce  
21 training and economic development fund under this  
22 paragraph shall be in accordance with rules adopted by  
23 the department of economic development under chapter  
24 260F.

25 c. For the development and implementation of  
26 career academies designed to provide new career  
27 preparation opportunities for high school students  
28 that are formally linked with postsecondary career and  
29 technical education programs. Moneys from workforce  
30 training and economic development funds that are  
31 expended for purposes of this paragraph shall be in  
32 accordance with the plan submitted to the department  
33 of economic development and the grow Iowa board under  
34 subsection 5. For purposes of this section, "career  
35 academy" means a program of study that combines a  
36 minimum of two years of secondary education with an  
37 associate degree, or the equivalent, career  
38 preparatory program in a nonduplicative, sequential  
39 course of study that is standards based, integrates  
40 academic and technical instruction, utilizes work-  
41 based and worksite learning where appropriate and  
42 available, utilizes an individual career planning  
43 process with parent involvement, and leads to an  
44 associate degree or postsecondary diploma or  
45 certificate in a career field that prepares an  
46 individual for entry and advancement in a high-skill  
47 and reward career field and further education. The  
48 state board of education, in conjunction with the  
49 division of community colleges and workforce  
50 preparation of the department of education, and in

**S-3408**

-36-

**S-3408**

Page 37

1 consultation with the department of economic  
2 development, shall adopt administrative rules for the  
3 development and implementation of such career  
4 academies pursuant to section 256.11, subsection 5,  
5 paragraph "h", section 260C.1, and Title II of Pub. L.  
6 No. 105-332, Carl D. Perkins Vocational and Technical  
7 Education Act of 1998.

8 d. Programs and courses that provide vocational  
9 and technical training, and programs for in-service  
10 training and retraining under section 260C.1,  
11 subsections 2 and 3.

12 3. Moneys from the workforce training and economic  
13 development fund that are expended for purposes of  
14 this subsection shall be in accordance with the plan  
15 submitted to the department of economic development  
16 and the grow Iowa board under subsection 5. The  
17 maximum cumulative total amount of moneys that may be  
18 deposited in all the workforce training and economic  
19 development funds for distribution to community  
20 colleges in a fiscal year shall be determined as  
21 follows:

22 a. Six million dollars for the fiscal year  
23 beginning July 1, 2003.

24 b. Eleven million dollars for the fiscal year  
25 beginning July 1, 2004.

26 c. Twenty million dollars for the fiscal year  
27 beginning July 1, 2005.

28 d. Twenty million dollars for the fiscal year  
29 beginning July 1, 2006.

30 e. Twenty million dollars for the fiscal year  
31 beginning July 1, 2007.

32 f. Fifteen million dollars for the fiscal year  
33 beginning July 1, 2008.

34 g. Fifteen million dollars for the fiscal year  
35 beginning July 1, 2009.

36 4. The department of economic development shall  
37 allocate the moneys appropriated pursuant to this  
38 section to the community college workforce training  
39 and economic development funds utilizing the same  
40 distribution formula used for the allocation of state  
41 general aid to the community colleges.

42 5. Each community college shall do all of the  
43 following:

44 a. Adopt a two-year workforce training and  
45 economic development fund plan outlining the community  
46 college's proposed use of moneys appropriated under  
47 subsection 2.

48 b. Update the two-year plan annually.

49 c. Prepare an annual progress report on the two-  
50 year plan's implementation.

**S-3408**

-37-

**S-3408**

Page 38

1 d. Annually submit the two-year plan and progress  
2 report to the department of economic development in a  
3 manner prescribed by rules adopted by the department  
4 pursuant to chapter 17A and annually file a copy of  
5 the plan and progress report with the grow Iowa board.

6 6. Any individual project using over one million  
7 dollars of moneys from a workforce training and  
8 economic development fund shall require prior approval  
9 from the grow Iowa board.

10 Sec. 86. NEW SECTION. 260F.9 JOB RETENTION  
11 PROGRAM AND FUND.

12 1. A job retention fund is created in the state  
13 treasury under the control of the department of  
14 economic development to encourage the retention of  
15 existing jobs and income that would otherwise be lost  
16 and encourage large businesses to remain in the state.  
17 Moneys shall be deposited and expended from the fund  
18 as provided in this section.

19 2. There is appropriated from the grow Iowa fund  
20 created in section 15G.107, if enacted by 2003 Iowa  
21 Acts, House File 692 or another Act, to the department  
22 of economic development for the fiscal period  
23 beginning July 1, 2003, and ending June 30, 2006, the  
24 following amounts to be used for funding of job  
25 retention programs and agreements authorized by the  
26 department and participating community colleges as  
27 provided in this section:

28 a. One million dollars for the fiscal year  
29 beginning July 1, 2003.

30 b. One million dollars for the fiscal year  
31 beginning July 1, 2004.

32 c. One million dollars for the fiscal year  
33 beginning July 1, 2005.

34 3. Notwithstanding section 8.33, moneys that  
35 remain unexpended at the end of a fiscal year shall  
36 not revert to any fund but shall remain available for  
37 expenditure for the designated purposes during the  
38 succeeding fiscal year.

39 4. The department of economic development shall  
40 administer the allocation of moneys in the job  
41 retention fund and shall administer the job retention  
42 program. The department shall adopt rules pursuant to  
43 chapter 17A necessary for the administration of this  
44 section. By January 15 of each year, the department  
45 shall submit a written report to the general assembly  
46 and the governor regarding the activities of the job  
47 retention program during the previous calendar year.

48 5. A community college and the department may  
49 enter into an agreement to establish a job retention  
50 project. A job retention project agreement shall

**S-3408**

**S-3408**

Page 39

- 1 include, but not be limited to, the following:
- 2 a. The date of the agreement.
- 3 b. The anticipated number of employees to be  
4 trained.
- 5 c. The estimated cost of training.
- 6 d. A statement regarding the number of employees  
7 employed by the participating business on the date of  
8 the agreement which must equal at least the lesser of  
9 one thousand employees or four percent or more of the  
10 county's resident labor force based on the most recent  
11 annual labor force statistics from the department of  
12 workforce development.
- 13 e. A commitment that the participating business  
14 shall invest at least fifteen million dollars to  
15 retool the workplace and upgrade the facilities of the  
16 participating business.
- 17 f. A commitment that the participating business  
18 shall not move the business operation out of this  
19 state or close the business operation for at least ten  
20 years following the date of the agreement.
- 21 g. Other criteria established by the department of  
22 economic development.
- 23 6. A job retention project agreement entered into  
24 pursuant to this section must be approved by the board  
25 of trustees of the applicable community college, the  
26 department of economic development, and the  
27 participating business.

28 Sec. 87. NEW SECTION. 260F.101 REPORTING.

29 A community college entering into an agreement  
30 pursuant to this chapter shall submit an annual  
31 written report by the end of each calendar year with  
32 the grow Iowa board created in section 15G.102, if  
33 enacted by 2003 Iowa Acts, House File 692 or another  
34 Act. The report shall provide information regarding  
35 how the agreement affects the achievement of the goals  
36 and performance measures provided in section 15G.106,  
37 if enacted by 2003 Iowa Acts, House File 692 or  
38 another Act.

39 Sec. 88. Section 260G.3, subsection 2, Code 2003,  
40 is amended to read as follows:

41 2. An agreement may include reasonable and  
42 necessary provisions to implement the accelerated  
43 career education program. If an agreement that  
44 utilizes program job credits is entered into, the  
45 community college and the employer shall notify the  
46 department of revenue and finance as soon as possible.  
47 The community college shall also file a copy of the  
48 agreement with the department of economic development  
49 as required in section 260G.4B. The agreement shall  
50 provide for program costs, including deferred costs,

**S-3408**

**S-3408**

Page 40

1 which may be paid from any of the following sources:

2 a. Program job credits which the employer receives  
3 based on the number of program job positions agreed to  
4 by the employer to be available under the agreement.

5 b. Cash or in-kind contributions by the employer  
6 toward the program cost. At a minimum, the employer  
7 contribution shall be twenty percent of the program  
8 costs.

9 c. Tuition, student fees, or special charges fixed  
10 by the board of directors to defray program costs.

11 d. Guarantee by the employer of payments to be  
12 received under paragraphs "a" and "b".

13 e. Moneys from a workforce training and economic  
14 development fund created in section 260C.18A, based on  
15 the number of program job positions agreed to by the  
16 employer to be available under the agreement, the  
17 amount of which shall be calculated in the same manner  
18 as the program job credits provided for in section  
19 260G.4A.

20 Sec. 89. NEW SECTION. 260G.101 REPORTING.

21 A community college entering into an agreement  
22 pursuant to this chapter shall submit an annual  
23 written report by the end of each calendar year with  
24 the grow Iowa board created in section 15G.102, if  
25 enacted by 2003 Iowa Acts, House File 692 or another  
26 Act. The report shall provide information regarding  
27 how the agreement affects the achievement of the goals  
28 and performance measures provided in section 15G.106,  
29 if enacted by 2003 Iowa Acts, House File 692 or  
30 another Act.

#### DIVISION IX

##### LOAN AND CREDIT GUARANTEE FUND

33 Sec. 90. NEW SECTION. 15E.227 LOAN AND CREDIT  
34 GUARANTEE FUND.

35 1. A loan and credit guarantee fund is created and  
36 established as a separate and distinct fund in the  
37 state treasury. Moneys in the fund shall only be used  
38 for purposes provided in this section. The moneys in  
39 the fund are appropriated to the department to be used  
40 for all of the following purposes:

41 a. Payment of claims pursuant to loan and credit  
42 guarantee agreements entered into under this division.

43 b. Payment of administrative costs of the  
44 department for actual and necessary administrative  
45 expenses incurred by the department in administering  
46 the program.

47 c. Purchase or buyout of superior or prior liens,  
48 mortgages, or security interests.

49 2. Moneys in the loan and credit guarantee fund  
50 shall consist of all of the following:

**S-3408**

**S-3408**

Page 41

1 a. Moneys appropriated by the general assembly for  
2 that purpose and any other moneys available to and  
3 obtained or accepted by the department for placement  
4 in the fund.

5 b. Proceeds from collateral assigned to the  
6 department, fees for guarantees, gifts, and moneys  
7 from any grant made to the fund by any federal agency.

8 c. Moneys appropriated from the grow Iowa fund  
9 created in section 15G.107, if enacted by 2003 Iowa  
10 Acts, House File 692 or another Act.

11 3. Moneys in the fund are not subject to section  
12 8.33. Notwithstanding section 12C.7, interest or  
13 earnings on the moneys in the fund shall be credited  
14 to the fund.

15 4. a. The department shall only pledge moneys in  
16 the loan and credit guarantee fund and not any other  
17 moneys of the department. The department may pledge  
18 an amount not to exceed a total of any of the  
19 following amounts of moneys in the fund to assure the  
20 repayment of loan and credit guarantees or other  
21 extensions of credit made to or on behalf of qualified  
22 businesses or targeted industry businesses for  
23 eligible project costs.

24 (1) Two million five hundred thousand dollars for  
25 the fiscal year beginning July 1, 2003.

26 (2) Seven million five hundred thousand dollars  
27 for the fiscal year beginning July 1, 2004.

28 (3) Eight million five hundred seventy-five  
29 thousand dollars for the fiscal year beginning July 1,  
30 2005.

31 (4) Eleven million seventy-five thousand dollars  
32 for the fiscal year beginning July 1, 2006.

33 (5) Thirteen million seventy-five thousand dollars  
34 for the fiscal year beginning July 1, 2007.

35 (6) Thirty-five million seventy-five thousand  
36 dollars for the fiscal year beginning July 1, 2008.

37 (7) Thirty-seven million five hundred seventy-five  
38 thousand dollars for the fiscal year beginning July 1,  
39 2009.

40 b. The department shall not pledge the credit or  
41 taxing power of this state or any political  
42 subdivision of this state or make debts payable out of  
43 any moneys except for those in the loan and credit  
44 guarantee fund.

## DIVISION X

## UNIVERSITY-BASED RESEARCH UTILIZATION

## PROGRAM APPROPRIATION

48 Sec. 91. NEW SECTION. 262B.12 APPROPRIATION.

49 On July 1 of each year there is appropriated from  
50 the general fund of the state to each university under

**S-3408**

**S-3408**

Page 42

1 the control of the state board of regents, an amount  
2 equal to the amount determined by the department of  
3 economic development pursuant to section 262B.11,  
4 subsection 4, paragraph "c", subparagraph (2), if  
5 enacted by 2003 Iowa Acts, House File 692 or another  
6 Act.

## DIVISION XI

## ENDOW IOWA TAX CREDIT

7  
8  
9 Sec. 92. NEW SECTION. 15E.305 ENDOW IOWA TAX  
10 CREDIT.

11 1. For tax years beginning on or after January 1,  
12 2003, a tax credit shall be allowed against the taxes  
13 imposed in chapter 422, divisions II, III, and V, and  
14 in chapter 432, and against the moneys and credits tax  
15 imposed in section 533.24 equal to twenty percent of a  
16 taxpayer's endowment gift to a qualified community  
17 foundation. An individual may claim a tax credit  
18 under this section of a partnership, limited liability  
19 company, S corporation, estate, or trust electing to  
20 have income taxed directly to the individual. The  
21 amount claimed by the individual shall be based upon  
22 the pro rata share of the individual's earnings from  
23 the partnership, limited liability company, S  
24 corporation, estate, or trust. A tax credit shall be  
25 allowed only for an endowment gift made to a qualified  
26 community foundation for a permanent endowment fund  
27 established to benefit a charitable cause in this  
28 state. Any tax credit in excess of the taxpayer's tax  
29 liability for the tax year may be credited to the tax  
30 liability for the following five years or until  
31 depleted, whichever occurs first. A tax credit shall  
32 not be carried back to a tax year prior to the tax  
33 year in which the taxpayer claims the tax credit.

34 2. The aggregate amount of tax credits authorized  
35 pursuant to this section shall not exceed a total of  
36 two million dollars. The maximum amount of tax  
37 credits granted to a taxpayer shall not exceed five  
38 percent of the aggregate amount of tax credits  
39 authorized.

40 3. A tax credit shall not be transferable to any  
41 other taxpayer.

42 4. A tax credit shall not be authorized pursuant  
43 to this section after December 31, 2005.

44 5. The department shall develop a system for  
45 registration and authorization of tax credits under  
46 this section and shall control the distribution of all  
47 tax credits to taxpayers providing an endowment gift  
48 subject to this section. The department shall adopt  
49 administrative rules pursuant to chapter 17A for the  
50 qualification and administration of endowment gifts.

**S-3408**

-42-



**S-3408**

Page 43

1 Sec. 93. NEW SECTION. 422.11H ENDOW IOWA TAX  
2 CREDIT.

3 The tax imposed under this division, less the  
4 credits allowed under sections 422.12 and 422.12B,  
5 shall be reduced by an endow Iowa tax credit  
6 authorized pursuant to section 15E.305.

7 Sec. 94. Section 422.33, Code 2003, is amended by  
8 adding the following new subsection:

9 NEW SUBSECTION. 14. The taxes imposed under this  
10 division shall be reduced by an endow Iowa tax credit  
11 authorized pursuant to section 15E.305.

12 Sec. 95. Section 422.60, Code 2003, is amended by  
13 adding the following new subsection:

14 NEW SUBSECTION. 7. The taxes imposed under this  
15 division shall be reduced by an endow Iowa tax credit  
16 authorized pursuant to section 15E.305.

17 Sec. 96. NEW SECTION. 432.12D ENDOW IOWA TAX  
18 CREDIT.

19 The tax imposed under this chapter shall be reduced  
20 by an endow Iowa tax credit authorized pursuant to  
21 section 15E.305.

22 Sec. 97. Section 533.24, Code 2003, is amended by  
23 adding the following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
25 tax imposed under this section shall be reduced by an  
26 endow Iowa tax credit authorized pursuant to section  
27 15E.305.

28 Sec. 98. EFFECTIVE AND RETROACTIVE APPLICABILITY  
29 DATES. This division of this Act, being deemed of  
30 immediate importance, takes effect upon enactment and  
31 is retroactively applicable to January 1, 2003, for  
32 tax years beginning on or after that date.

## DIVISION XII

## REHABILITATION PROJECT TAX CREDITS

35 Sec. 99. Section 404A.4, subsection 4, Code 2003,  
36 is amended to read as follows:

37 4. The total amount of tax credits that may be  
38 approved for a fiscal year under this chapter shall  
39 not exceed two million four hundred thousand dollars.  
40 For the fiscal years beginning July 1, 2003, and July  
41 1, 2004, an additional two million dollars of tax  
42 credits may be approved each fiscal year for purposes  
43 of projects located in cultural and entertainment  
44 districts certified pursuant to section 303.3B, if  
45 enacted by 2003 Iowa Acts, House File 692 or another  
46 Act. Any of the additional tax credits allocated for  
47 projects located in certified cultural and  
48 entertainment districts that are not approved during a  
49 fiscal year may be carried over to the succeeding  
50 fiscal year. Tax credit certificates shall be issued

**S-3408**

-43-

**S-3408**

Page 44

1 on the basis of the earliest awarding of  
2 certifications of completion as provided in subsection  
3 1. The departments of economic development and  
4 revenue and finance shall each adopt rules to jointly  
5 administer this subsection and shall provide by rule  
6 for the method to be used to determine for which  
7 fiscal year the tax credits are approved.

8 DIVISION XIII

9 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND

10 Sec. 100. Section 8.57, subsection 5, Code 2003,  
11 is amended by adding the following new paragraph:  
12 NEW PARAGRAPH. f. There is appropriated from the  
13 rebuild Iowa infrastructure fund to the state  
14 assistance for educational infrastructure fund created  
15 in 2003 Iowa Acts, House File 692 or another Act, for  
16 each fiscal year of the fiscal period beginning July  
17 1, 2004, and ending June 30, 2014, the amount of the  
18 moneys in excess of the first forty-seven million  
19 dollars credited to the rebuild Iowa infrastructure  
20 fund during the fiscal year, not to exceed ten million  
21 dollars.

22 Sec. 101. NEW SECTION. 292A.3A APPROPRIATION.

23 There is appropriated from the general fund of the  
24 state from moneys credited to the general fund of the  
25 state as a result of the state entering into the  
26 streamlined sales and use tax agreement to the state  
27 assistance for educational infrastructure fund created  
28 in 2003 Iowa Acts, House File 692 or another Act, the  
29 sum of five million dollars for each fiscal year of  
30 the fiscal period beginning July 1, 2004, and ending  
31 June 30, 2014. The appropriation in this section  
32 shall be made after the appropriation from the same  
33 source to the grow Iowa fund created in 2003 Iowa  
34 Acts, House File 692 or another Act. For purposes of  
35 this section, "moneys credited to the general fund of  
36 the state as a result of entering into the streamlined  
37 sales and use tax agreement" means the amount of sales  
38 and use tax receipts credited to the general fund of  
39 the state during a fiscal year that exceeds by two  
40 percent or more the total sales and use tax receipts  
41 credited to the general fund of the state during the  
42 previous fiscal year.

43 DIVISION XIV

44 REPEALS

45 Sec. 102. The divisions of this Act designated  
46 economic development appropriations, workforce-related  
47 issues, loan and credit guarantee fund, university-  
48 based research utilization program appropriation,  
49 endow Iowa tax credit, and rehabilitation project tax  
50 credits are repealed effective June 30, 2010.

**S-3408**

-44-

**S-3408**

Page 45

DIVISION XV  
STREAMLINED SALES AND USE TAXES  
SUBCHAPTER I  
DEFINITIONS

5 Sec. 103. NEW SECTION. 423.1 DEFINITIONS.

6 As used in this chapter the following words, terms,  
7 and phrases have the meanings ascribed to them by this  
8 section, except where the context clearly indicates  
9 that a different meaning is intended:

10 1. "Agent" means a person appointed by a seller to  
11 represent the seller before the member states.

12 2. "Agreement" means the streamlined sales and use  
13 tax agreement authorized by subchapter IV of this  
14 chapter to provide a mechanism for establishing and  
15 maintaining a cooperative, simplified system for the  
16 application and administration of sales and use taxes.

17 3. "Agricultural production" includes the  
18 production of flowering, ornamental, or vegetable  
19 plants in commercial greenhouses or otherwise, and  
20 production from aquaculture. "Agricultural products"  
21 includes flowering, ornamental, or vegetable plants  
22 and those products of aquaculture.

23 4. "Business" includes any activity engaged in by  
24 any person or caused to be engaged in by the person  
25 with the object of gain, benefit, or advantage, either  
26 direct or indirect.

27 5. "Certificate of title" means a certificate of  
28 title issued for a vehicle or for manufactured housing  
29 under chapter 321.

30 6. "Certified automated system" means software  
31 certified under the agreement to calculate the tax  
32 imposed by each jurisdiction on a transaction,  
33 determine the amount of tax to remit to the  
34 appropriate state, and maintain a record of the  
35 transaction.

36 7. "Certified service provider" means an agent  
37 certified under the agreement to perform all of a  
38 seller's sales or use tax functions, other than the  
39 seller's obligation to remit tax on its own purchases.

40 8. "Computer" means an electronic device that  
41 accepts information in digital or similar form and  
42 manipulates the information for a result based on a  
43 sequence of instructions.

44 9. "Computer software" means a set of coded  
45 instructions designed to cause a computer or automatic  
46 data processing equipment to perform a task.

47 10. "Delivered electronically" means delivered to  
48 the purchaser by means other than tangible storage  
49 media.

50 11. "Delivery charges" means charges assessed by a

**S-3408**

-45-

**S-3408**

Page 46

1 seller of personal property or services for  
2 preparation and delivery to a location designated by  
3 the purchaser of personal property or services  
4 including, but not limited to, transportation,  
5 shipping, postage, handling, crating, and packing  
6 charges.

7 12. "Department" means the department of revenue  
8 and finance.

9 13. "Direct mail" means printed material delivered  
10 or distributed by United States mail or other delivery  
11 service to a mass audience or to addressees on a  
12 mailing list provided by the purchaser or at the  
13 direction of the purchaser when the cost of the items  
14 is not billed directly to the recipients. "Direct  
15 mail" includes tangible personal property supplied  
16 directly or indirectly by the purchaser to the direct  
17 mail seller for inclusion in the package containing  
18 the printed material. "Direct mail" does not include  
19 multiple items of printed material delivered to a  
20 single address.

21 14. "Director" means the director of revenue and  
22 finance.

23 15. "Electronic" means relating to technology  
24 having electrical, digital, magnetic, wireless,  
25 optical, electromagnetic, or similar capabilities.

26 16. "Farm deer" means the same as defined in  
27 section 189A.2.

28 17. "Farm machinery and equipment" means machinery  
29 and equipment used in agricultural production.

30 18. "First use of a service". A "first use of a  
31 service" occurs, for the purposes of this chapter,  
32 when a service is rendered, furnished, or performed in  
33 Iowa or if rendered, furnished, or performed outside  
34 of Iowa, when the product or result of the service is  
35 used in Iowa.

36 19. "Goods, wares, or merchandise" means the same  
37 as tangible personal property.

38 20. "Governing board" means the group comprised of  
39 representatives of the member states of the agreement  
40 which is created by the agreement to be responsible  
41 for the agreement's administration and operation.

42 21. "Installed purchase price" is the amount  
43 charged, valued in money whether paid in money or  
44 otherwise, by a building contractor to convert  
45 manufactured housing from tangible personal property  
46 into realty. "Installed purchase price" includes, but  
47 is not limited to, amounts charged for installing a  
48 foundation and electrical and plumbing hookups.

49 "Installed purchase price" excludes any amount charged  
50 for landscaping in connection with the conversion.

**S-3408**

-46-

**S-3408**

Page 47

1 22. "Lease or rental".

2 a. "Lease or rental" means any transfer of  
3 possession or control of tangible personal property  
4 for a fixed or indeterminate term for consideration.  
5 A "lease or rental" may include future options to  
6 purchase or extend.

7 b. "Lease or rental" includes agreements covering  
8 motor vehicles and trailers when the amount of  
9 consideration may be increased or decreased by  
10 reference to the amount realized upon sale or  
11 disposition of the property as defined in 26 U.S.C. §  
12 7701(h)(1).

13 c. "Lease or rental" does not include any of the  
14 following:

15 (1) A transfer of possession or control of  
16 property under a security agreement or deferred  
17 payment plan that requires the transfer of title upon  
18 completion of the required payments.

19 (2) A transfer of possession or control of  
20 property under an agreement that requires the transfer  
21 of title upon completion of required payments, and  
22 payment of any option price does not exceed the  
23 greater of one hundred dollars or one percent of the  
24 total required payments.

25 (3) Providing tangible personal property along  
26 with an operator for a fixed or indeterminate period  
27 of time. A condition of this exclusion is that the  
28 operator is necessary for the equipment to perform as  
29 designed. For the purpose of this subparagraph, an  
30 operator must do more than maintain, inspect, or set  
31 up the tangible personal property.

32 d. This definition shall be used for sales and use  
33 tax purposes regardless of whether a transaction is  
34 characterized as a lease or rental under generally  
35 accepted accounting principles, the Internal Revenue  
36 Code, the Uniform Commercial Code, or other provisions  
37 of federal, state, or local law.

38 23. "Livestock" includes but is not limited to an  
39 animal classified as an ostrich, rhea, emu, bison, or  
40 farm deer.

41 24. "Manufactured housing" means "manufactured  
42 home" as defined in section 321.1.

43 25. "Member state" is any state which has signed  
44 the agreement.

45 26. "Mobile home" means "manufactured or mobile  
46 home" as defined in section 321.1.

47 27. "Model 1 seller" is a seller that has selected  
48 a certified service provider as its agent to perform  
49 all the seller's sales and use tax functions, other  
50 than the seller's obligation to remit tax on its own

**S-3408**

**S-3408**

Page 48

1 purchases.

2 28. "Model 2 seller" is a seller that has selected  
3 a certified automated system to perform part of its  
4 sales and use tax functions, but retains  
5 responsibility for remitting the tax.

6 29. "Model 3 seller" is a seller that has sales in  
7 at least five member states, has total annual sales  
8 revenue of at least five hundred million dollars, has  
9 a proprietary system that calculates the amount of tax  
10 due each jurisdiction, and has entered into a  
11 performance agreement with the member states that  
12 establishes a tax performance standard for the seller.  
13 As used in this definition, a "seller" includes an  
14 affiliated group of sellers using the same proprietary  
15 system.

16 30. "Nonresidential commercial operations" means  
17 industrial, commercial, mining, or agricultural  
18 operations, whether for profit or not, but does not  
19 include apartment complexes or mobile home parks.

20 31. "Not registered under the agreement" means  
21 lack of registration by a seller with the member  
22 states under the central registration system  
23 referenced in section 423.11, subsection 4.

24 32. "Person" means an individual, trust, estate,  
25 fiduciary, partnership, limited liability company,  
26 limited liability partnership, corporation, or any  
27 other legal entity.

28 33. "Place of business" means any warehouse,  
29 store, place, office, building, or structure where  
30 goods, wares, or merchandise are offered for sale at  
31 retail or where any taxable amusement is conducted, or  
32 each office where gas, water, heat, communication, or  
33 electric services are offered for sale at retail.

34 When a retailer or amusement operator sells  
35 merchandise by means of vending machines or operates  
36 music or amusement devices by coin-operated machines  
37 at more than one location within the state, the  
38 office, building, or place where the books, papers,  
39 and records of the taxpayer are kept shall be deemed  
40 to be the taxpayer's place of business.

41 34. "Prewritten computer software" includes  
42 software designed and developed by the author or other  
43 creator to the specifications of a specific purchaser  
44 when it is sold to a person other than the purchaser.  
45 The combining of two or more prewritten computer  
46 software programs or prewritten portions of prewritten  
47 programs does not cause the combination to be other  
48 than prewritten computer software. "Prewritten  
49 computer software" also means computer software,  
50 including prewritten upgrades, which is not designed

**S-3408**

**S-3408**

Page 49

1 and developed by the author or other creator to the  
2 specifications of a specific purchaser.

3 When a person modifies or enhances computer  
4 software of which the person is not the author or  
5 creator, the person shall be deemed to be the author  
6 or creator only of such person's modifications or  
7 enhancements. Prewritten computer software or a  
8 prewritten portion of the prewritten software that is  
9 modified or enhanced to any degree, when such  
10 modification or enhancement is designed and developed  
11 to the specifications of a specific purchaser, remains  
12 prewritten computer software. However, when there is  
13 a reasonable, separately stated charge or an invoice  
14 or other statement of the price given to the purchaser  
15 for such modification or enhancement, such  
16 modification or enhancement shall not constitute  
17 prewritten computer software.

18 35. "Property purchased for resale in connection  
19 with the performance of a service" means property  
20 which is purchased for resale in connection with the  
21 rendition, furnishing, or performance of a service by  
22 a person who renders, furnishes, or performs the  
23 service if all of the following occur:

24 a. The provider and user of the service intend  
25 that a sale of the property will occur.

26 b. The property is transferred to the user of the  
27 service in connection with the performance of the  
28 service in a form or quantity capable of a fixed or  
29 definite price value.

30 c. The sale is evidenced by a separate charge for  
31 the identifiable piece of property.

32 36. "Purchase" means any transfer, exchange, or  
33 barter, conditional or otherwise, in any manner or by  
34 any means whatsoever, for a consideration.

35 37. "Purchase price" means the same as "sales  
36 price" as defined in this section.

37 38. "Purchaser" is a person to whom a sale of  
38 personal property is made or to whom a service is  
39 furnished.

40 39. "Receive" and "receipt" mean any of the  
41 following:

42 a. Taking possession of tangible personal  
43 property.

44 b. Making first use of a service.

45 c. Taking possession or making first use of  
46 digital goods, whichever comes first.

47 "Receive" and "receipt" do not include possession  
48 by a shipping company on behalf of a purchaser.

49 40. "Registered under the agreement" means  
50 registration by a seller under the central

**S-3408**

**S-3408**

Page 50

1 registration system referenced in section 423.11,  
2 subsection 4.

3 41. "Relief agency" means the state, any county,  
4 city and county, city, or district thereof, or any  
5 agency engaged in actual relief work.

6 42. "Retailer" means and includes every person  
7 engaged in the business of selling tangible personal  
8 property or taxable services at retail, or the  
9 furnishing of gas, electricity, water, or  
10 communication service, and tickets or admissions to  
11 places of amusement and athletic events or operating  
12 amusement devices or other forms of commercial  
13 amusement from which revenues are derived. However,  
14 when in the opinion of the director it is necessary  
15 for the efficient administration of this chapter to  
16 regard any salespersons, representatives, truckers,  
17 peddlers, or canvassers as agents of the dealers,  
18 distributors, supervisors, employers, or persons under  
19 whom they operate or from whom they obtain tangible  
20 personal property sold by them irrespective of whether  
21 or not they are making sales on their own behalf or on  
22 behalf of such dealers, distributors, supervisors,  
23 employers, or persons, the director may so regard  
24 them, and may regard such dealers, distributors,  
25 supervisors, employers, or persons as retailers for  
26 the purposes of this chapter. "Retailer" includes a  
27 seller obligated to collect sales or use tax.

28 43. "Retailer maintaining a place of business in  
29 this state" or any like term includes any retailer  
30 having or maintaining within this state, directly or  
31 by a subsidiary, an office, distribution house, sales  
32 house, warehouse, or other place of business, or any  
33 representative operating within this state under the  
34 authority of the retailer or its subsidiary,  
35 irrespective of whether that place of business or  
36 representative is located here permanently or  
37 temporarily, or whether the retailer or subsidiary is  
38 admitted to do business within this state pursuant to  
39 chapter 490.

40 44. "Retailers who are not model sellers" means  
41 all retailers other than model 1, model 2, or model 3  
42 sellers.

43 45. "Retail sale" or "sale at retail" means any  
44 sale, lease, or rental for any purpose other than  
45 resale, sublease, or subrent.

46 46. "Sales" or "sale" means any transfer,  
47 exchange, or barter, conditional or otherwise, in any  
48 manner or by any means whatsoever, for consideration.

49 47. "Sales price" applies to the measure subject  
50 to sales tax.

**S-3408**



**S-3408**

Page 51

1 a. "Sales price" means the total amount of  
2 consideration, including cash, credit, property, and  
3 services, for which personal property or services are  
4 sold, leased, or rented, valued in money, whether  
5 received in money or otherwise, without any deduction  
6 for any of the following:

- 7 (1) The seller's cost of the property sold.
- 8 (2) The cost of materials used, labor or service  
9 cost, interest, losses, all costs of transportation to  
10 the seller, all taxes imposed on the seller, and any  
11 other expenses of the seller.
- 12 (3) Charges by the seller for any services  
13 necessary to complete the sale, other than delivery  
14 and installation charges.
- 15 (4) Delivery charges.
- 16 (5) Installation charges.
- 17 (6) The value of exempt personal property given to  
18 the purchaser where taxable and exempt personal  
19 property have been bundled together and sold by the  
20 seller as a single product or piece of merchandise.
- 21 (7) Credit for any trade-in authorized by section  
22 423.3, subsection 58.

23 b. "Sales price" does not include:

- 24 (1) Discounts, including cash, term, or coupons  
25 that are not reimbursed by a third party that are  
26 allowed by a seller and taken by a purchaser on a  
27 sale.
- 28 (2) Interest, financing, and carrying charges from  
29 credit extended on the sale of personal property or  
30 services, if the amount is separately stated on the  
31 invoice, bill of sale, or similar document given to  
32 the purchaser.
- 33 (3) Any taxes legally imposed directly on the  
34 consumer that are separately stated on the invoice,  
35 bill of sale, or similar document given to the  
36 purchaser.
- 37 (4) The amounts received for charges included in  
38 paragraph "a", subparagraphs (3) through (7), if they  
39 are separately contracted for and separately stated on  
40 the invoice, billing, or similar document given to the  
41 purchaser.

42 48. "Sales tax" means the tax levied under  
43 subchapter II of this chapter.

44 49. "Seller" means any person making sales,  
45 leases, or rentals of personal property or services.

46 50. "Services" means all acts or services  
47 rendered, furnished, or performed, other than services  
48 used in processing of tangible personal property for  
49 use in retail sales or services, for an employer, as  
50 defined in section 422.4, subsection 3, for a valuable

**S-3408**

-51-

**S-3408**

Page 52

1 consideration by any person engaged in any business or  
2 occupation specifically enumerated in section 423.2.  
3 The tax shall be due and collectible when the service  
4 is rendered, furnished, or performed for the ultimate  
5 user of the service.

6 51. "Services used in the processing of tangible  
7 personal property" includes the reconditioning or  
8 repairing of tangible personal property of the type  
9 normally sold in the regular course of the retailer's  
10 business and which is held for sale.

11 52. "State" means any state of the United States  
12 and the District of Columbia.

13 53. "System" means the central electronic  
14 registration system maintained by Iowa and other  
15 states which are signatories to the agreement.

16 54. "Tangible personal property" means personal  
17 property that can be seen, weighed, measured, felt, or  
18 touched, or that is in any other manner perceptible to  
19 the senses. "Tangible personal property" includes  
20 electricity, water, gas, steam, and prewritten  
21 computer software.

22 55. "Taxpayer" includes any person who is subject  
23 to a tax imposed by this chapter, whether acting on  
24 the person's own behalf or as a fiduciary.

25 56. "Trailer" shall mean every trailer, as is now  
26 or may be hereafter so defined by chapter 321, which  
27 is required to be registered or is subject only to the  
28 issuance of a certificate of title under chapter 321.

29 57. "Use" means and includes the exercise by any  
30 person of any right or power over tangible personal  
31 property incident to the ownership of that property.  
32 A retailer's or building contractor's sale of  
33 manufactured housing for use in this state, whether in  
34 the form of tangible personal property or of realty,  
35 is a use of that property for the purposes of this  
36 chapter.

37 58. "Use tax" means the tax levied under  
38 subchapter III of this chapter for which the retailer  
39 collects and remits tax to the department.

40 59. "User" means the immediate recipient of the  
41 services who is entitled to exercise a right of power  
42 over the product of such services.

43 60. "Value of services" means the price to the  
44 user exclusive of any direct tax imposed by the  
45 federal government or by this chapter.

46 61. "Vehicles subject to registration" means any  
47 vehicle subject to registration pursuant to section  
48 321.18.

49

SUBCHAPTER II

50

SALES TAX

**S-3408**

-52-

**S-3408**

Page 53

1 Sec. 104. NEW SECTION. 423.2 TAX IMPOSED.

2 1. There is imposed a tax of five percent upon the  
3 sales price of all sales of tangible personal  
4 property, consisting of goods, wares, or merchandise,  
5 sold at retail in the state to consumers or users  
6 except as otherwise provided in this subchapter.

7 a. For the purposes of this subchapter, sales of  
8 the following services are treated as if they were  
9 sales of tangible personal property:

10 (1) Sales of engraving, photography, retouching,  
11 printing, and binding services.

12 (2) Sales of vulcanizing, recapping, and  
13 retreading services.

14 (3) Sales of prepaid telephone calling cards and  
15 prepaid authorization numbers.

16 (4) Sales of optional service or warranty  
17 contracts, except residential service contracts  
18 regulated under chapter 523C, which provide for the  
19 furnishing of labor and materials and require the  
20 furnishing of any taxable service enumerated under  
21 this section. The sales price is subject to tax even  
22 if some of the services furnished are not enumerated  
23 under this section. Additional sales, services, or  
24 use taxes shall not be levied on services, parts, or  
25 labor provided under optional service or warranty  
26 contracts which are subject to tax under this  
27 subsection.

28 If the optional service or warranty contract is a  
29 computer software maintenance or support service  
30 contract and there is no separately stated fee for the  
31 taxable personal property or for the nontaxable  
32 service, the tax imposed by this subsection shall be  
33 imposed on fifty percent of the sales price from the  
34 sale of such contract. If the contract provides for  
35 technical support services only, no tax shall be  
36 imposed under this subsection. The provisions of this  
37 subparagraph (4) also apply to the use tax.

38 (5) Renting of rooms, apartments, or sleeping  
39 quarters in a hotel, motel, inn, public lodging house,  
40 rooming house, mobile home which is tangible personal  
41 property, or tourist court, or in any place where  
42 sleeping accommodations are furnished to transient  
43 guests for rent, whether with or without meals.  
44 "Renting" and "rent" include any kind of direct or  
45 indirect charge for such rooms, apartments, or  
46 sleeping quarters, or their use. However, the tax  
47 does not apply to the sales price from the renting of  
48 a room, apartment, or sleeping quarters while rented  
49 by the same person for a period of more than thirty-  
50 one consecutive days.

**S-3408**

-53-

**S-3408**

Page 54

1 b. Sales of building materials, supplies, and  
2 equipment to owners, contractors, subcontractors, or  
3 builders for the erection of buildings or the  
4 alteration, repair, or improvement of real property  
5 are retail sales of tangible personal property in  
6 whatever quantity sold. Where the owner, contractor,  
7 subcontractor, or builder is also a retailer holding a  
8 retail sales tax permit and transacting retail sales  
9 of building materials, supplies, and equipment, the  
10 person shall purchase such items of tangible personal  
11 property without liability for the tax if such  
12 property will be subject to the tax at the time of  
13 resale or at the time it is withdrawn from inventory  
14 for construction purposes. The sales tax shall be due  
15 in the reporting period when the materials, supplies,  
16 and equipment are withdrawn from inventory for  
17 construction purposes or when sold at retail. The tax  
18 shall not be due when materials are withdrawn from  
19 inventory for use in construction outside of Iowa and  
20 the tax shall not apply to tangible personal property  
21 purchased and consumed by the manufacturer as building  
22 materials in the performance by the manufacturer or  
23 its subcontractor of construction outside of Iowa.  
24 The sale of carpeting is not a sale of building  
25 materials. The sale of carpeting to owners,  
26 contractors, subcontractors, or builders shall be  
27 treated as the sale of ordinary tangible personal  
28 property and subject to the tax imposed under this  
29 subsection and the use tax.

30 c. The use within this state of tangible personal  
31 property by the manufacturer thereof, as building  
32 materials, supplies, or equipment, in the performance  
33 of construction contracts in Iowa, shall, for the  
34 purpose of this subchapter, be construed as a sale at  
35 retail of tangible personal property by the  
36 manufacturer who shall be deemed to be the consumer of  
37 such tangible personal property. The tax shall be  
38 computed upon the cost to the manufacturer of the  
39 fabrication or production of the tangible personal  
40 property.

41 2. A tax of five percent is imposed upon the sales  
42 price of the sale or furnishing of gas, electricity,  
43 water, heat, pay television service, and communication  
44 service, including the sales price from such sales by  
45 any municipal corporation or joint water utility  
46 furnishing gas, electricity, water, heat, pay  
47 television service, and communication service to the  
48 public in its proprietary capacity, except as  
49 otherwise provided in this subchapter, when sold at  
50 retail in the state to consumers or users.

**S-3408**

-54-

**S-3408**

Page 55

1 3. A tax of five percent is imposed upon the sales  
2 price of all sales of tickets or admissions to places  
3 of amusement, fairs, and athletic events except those  
4 of elementary and secondary educational institutions.  
5 A tax of five percent is imposed on the sales price of  
6 an entry fee or like charge imposed solely for the  
7 privilege of participating in an activity at a place  
8 of amusement, fair, or athletic event unless the sales  
9 price of tickets or admissions charges for observing  
10 the same activity are taxable under this subchapter.  
11 A tax of five percent is imposed upon that part of  
12 private club membership fees or charges paid for the  
13 privilege of participating in any athletic sports  
14 provided club members.

15 4. A tax of five percent is imposed upon the sales  
16 price derived from the operation of all forms of  
17 amusement devices and games of skill, games of chance,  
18 raffles, and bingo games as defined in chapter 99B,  
19 operated or conducted within the state, the tax to be  
20 collected from the operator in the same manner as for  
21 the collection of taxes upon the sales price of  
22 tickets or admission as provided in this section.  
23 Nothing in this subsection shall legalize any games of  
24 skill or chance or slot-operated devices which are now  
25 prohibited by law.

26 The tax imposed under this subsection covers the  
27 total amount from the operation of games of skill,  
28 games of chance, raffles, and bingo games as defined  
29 in chapter 99B, and musical devices, weighing  
30 machines, shooting galleries, billiard and pool  
31 tables, bowling alleys, pinball machines, slot-  
32 operated devices selling merchandise not subject to  
33 the general sales taxes and on the total amount from  
34 devices or systems where prizes are in any manner  
35 awarded to patrons and upon the receipts from fees  
36 charged for participation in any game or other form of  
37 amusement, and generally upon the sales price from any  
38 source of amusement operated for profit, not specified  
39 in this section, and upon the sales price from which  
40 tax is not collected for tickets or admission, but tax  
41 shall not be imposed upon any activity exempt from  
42 sales tax under section 423.3, subsection 78. Every  
43 person receiving any sales price from the sources  
44 described in this section is subject to all provisions  
45 of this subchapter relating to retail sales tax and  
46 other provisions of this chapter as applicable.

47 5. There is imposed a tax of five percent upon the  
48 sales price from the furnishing of services as defined  
49 in section 423.1.

50 6. The sales price of any of the following

**S-3408**

**S-3408**

Page 56

1 enumerated services is subject to the tax imposed by  
2 subsection 5: alteration and garment repair; armored  
3 car; vehicle repair; battery, tire, and allied;  
4 investment counseling; service charges of all  
5 financial institutions; barber and beauty; boat  
6 repair; vehicle wash and wax; campgrounds; carpentry;  
7 roof, shingle, and glass repair; dance schools and  
8 dance studios; dating services; dry cleaning,  
9 pressing, dyeing, and laundering; electrical and  
10 electronic repair and installation; excavating and  
11 grading; farm implement repair of all kinds; flying  
12 service; furniture, rug, carpet, and upholstery repair  
13 and cleaning; fur storage and repair; golf and country  
14 clubs and all commercial recreation; gun and camera  
15 repair; house and building moving; household  
16 appliance, television, and radio repair; janitorial  
17 and building maintenance or cleaning; jewelry and  
18 watch repair; lawn care, landscaping, and tree  
19 trimming and removal; limousine service, including  
20 driver; machine operator; machine repair of all kinds;  
21 motor repair; motorcycle, scooter, and bicycle repair;  
22 oilers and lubricators; office and business machine  
23 repair; painting, papering, and interior decorating;  
24 parking facilities; pay television; pet grooming; pipe  
25 fitting and plumbing; wood preparation; executive  
26 search agencies; private employment agencies,  
27 excluding services for placing a person in employment  
28 where the principal place of employment of that person  
29 is to be located outside of the state; reflexology;  
30 security and detective services; sewage services for  
31 nonresidential commercial operations; sewing and  
32 stitching; shoe repair and shoeshine; sign  
33 construction and installation; storage of household  
34 goods, mini-storage, and warehousing of raw  
35 agricultural products; swimming pool cleaning and  
36 maintenance; tanning beds or salons; taxidermy  
37 services; telephone answering service; test  
38 laboratories, including mobile testing laboratories  
39 and field testing by testing laboratories, and  
40 excluding tests on humans or animals; termite, bug,  
41 roach, and pest eradicators; tin and sheet metal  
42 repair; Turkish baths, massage, and reducing salons,  
43 excluding services provided by massage therapists  
44 licensed under chapter 152C; water conditioning and  
45 softening; weighing; welding; well drilling; wrapping,  
46 packing, and packaging of merchandise other than  
47 processed meat, fish, fowl, and vegetables; wrecking  
48 service; wrecker and towing.

49 For the purposes of this subsection, the sales  
50 price of a lease or rental includes rents, royalties,

**S-3408**

-56-

**S-3408**

Page 57

1 and copyright and license fees. For the purposes of  
2 this subsection, "financial institutions" means all  
3 national banks, federally chartered savings and loan  
4 associations, federally chartered savings banks,  
5 federally chartered credit unions, banks organized  
6 under chapter 524, savings and loan associations and  
7 savings banks organized under chapter 534, and credit  
8 unions organized under chapter 533.

9 7. a. A tax of five percent is imposed upon the  
10 sales price from the sales, furnishing, or service of  
11 solid waste collection and disposal service.

12 For purposes of this subsection, "solid waste"  
13 means garbage, refuse, sludge from a water supply  
14 treatment plant or air contaminant treatment facility,  
15 and other discarded waste materials and sludges, in  
16 solid, semisolid, liquid, or contained gaseous form,  
17 resulting from nonresidential commercial operations,  
18 but does not include auto hulks; street sweepings;  
19 ash; construction debris; mining waste; trees; tires;  
20 lead acid batteries; used oil; hazardous waste; animal  
21 waste used as fertilizer; earthen fill, boulders, or  
22 rock; foundry sand used for daily cover at a sanitary  
23 landfill; sewage sludge; solid or dissolved material  
24 in domestic sewage or other common pollutants in water  
25 resources, such as silt, dissolved or suspended solids  
26 in industrial waste water effluents or discharges  
27 which are point sources subject to permits under  
28 section 402 of the federal Water Pollution Control  
29 Act, or dissolved materials in irrigation return  
30 flows; or source, special nuclear, or by-product  
31 material defined by the federal Atomic Energy Act of  
32 1954.

33 A recycling facility that separates or processes  
34 recyclable materials and that reduces the volume of  
35 the waste by at least eighty-five percent is exempt  
36 from the tax imposed by this subsection if the waste  
37 exempted is collected and disposed of separately from  
38 other solid waste.

39 b. A person who transports solid waste generated  
40 by that person or another person without compensation  
41 shall pay the tax imposed by this subsection at the  
42 collection or disposal facility based on the disposal  
43 charge or tipping fee. However, the costs of a  
44 service or portion of a service to collect and manage  
45 recyclable materials separated from solid waste by the  
46 waste generator are exempt from the tax imposed by  
47 this subsection.

48 8. a. A tax of five percent is imposed upon the  
49 sales price from sales of bundled services contracts.  
50 For purposes of this subsection, a "bundled services

**S-3408**

**S-3408**

Page 58

1 contract" means an agreement providing for a  
2 retailer's performance of services, one or more of  
3 which is a taxable service enumerated in this section  
4 and one or more of which is not, in return for a  
5 consumer's or user's single payment for the  
6 performance of the services, with no separate  
7 statement to the consumer or user of what portion of  
8 that payment is attributable to any one service which  
9 is a part of the contract.

10 b. For purposes of the administration of the tax  
11 on bundled services contracts, the director may enter  
12 into agreements of limited duration with individual  
13 retailers, groups of retailers, or organizations  
14 representing retailers of bundled services contracts.  
15 Such an agreement shall impose the tax rate only upon  
16 that portion of the sales price from a bundled  
17 services contract which is attributable to taxable  
18 services provided under the contract.

19 9. A tax of five percent is imposed upon the sales  
20 price from any mobile telecommunications service which  
21 this state is allowed to tax by the provisions of the  
22 federal Mobile Telecommunications Sourcing Act, Pub.  
23 L. No. 106-252, 4 U.S.C. § 116 et seq. For purposes  
24 of this subsection, taxes on mobile telecommunications  
25 service, as defined under the federal Mobile  
26 Telecommunications Sourcing Act that are deemed to be  
27 provided by the customer's home service provider,  
28 shall be paid to the taxing jurisdiction whose  
29 territorial limits encompass the customer's place of  
30 primary use, regardless of where the mobile  
31 telecommunications service originates, terminates, or  
32 passes through and shall in all other respects be  
33 taxed in conformity with the federal Mobile  
34 Telecommunications Sourcing Act. All other provisions  
35 of the federal Mobile Telecommunications Sourcing Act  
36 are adopted by the state of Iowa and incorporated into  
37 this subsection by reference. With respect to mobile  
38 telecommunications service under the federal Mobile  
39 Telecommunications Sourcing Act, the director shall,  
40 if requested, enter into agreements consistent with  
41 the provisions of the federal Act.

42 10. All revenues arising under the operation of  
43 the provisions of this section shall be deposited into  
44 the general fund of the state.

45 Sec. 105. NEW SECTION. 423.3 EXEMPTIONS.

46 There is exempted from the provisions of this  
47 subchapter and from the computation of the amount of  
48 tax imposed by it the following:

49 1. The sales price from sales of tangible personal  
50 property and services furnished which this state is

**S-3408**



**S-3408**

Page 59

1 prohibited from taxing under the Constitution or laws  
2 of the United States or under the Constitution of this  
3 state.

4 2. The sales price of sales for resale of tangible  
5 personal property or taxable services, or for resale  
6 of tangible personal property in connection with the  
7 furnishing of taxable services.

8 3. The sales price of agricultural breeding  
9 livestock and domesticated fowl.

10 4. The sales price of commercial fertilizer.

11 5. The sales price of agricultural limestone,  
12 herbicide, pesticide, insecticide, including  
13 adjuvants, surfactants, and other products directly  
14 related to the application enhancement of those  
15 products, food, medication, or agricultural drain  
16 tile, including installation of agricultural drain  
17 tile, any of which are to be used in disease control,  
18 weed control, insect control, or health promotion of  
19 plants or livestock produced as part of agricultural  
20 production for market.

21 6. The sales price of tangible personal property  
22 which will be consumed as fuel in creating heat,  
23 power, or steam for grain drying, or for providing  
24 heat or cooling for livestock buildings or for  
25 greenhouses or buildings or parts of buildings  
26 dedicated to the production of flowering, ornamental,  
27 or vegetable plants intended for sale in the ordinary  
28 course of business, or for use in cultivation of  
29 agricultural products by aquaculture, or in implements  
30 of husbandry engaged in agricultural production.

31 7. The sales price of services furnished by  
32 specialized flying implements of husbandry used for  
33 agricultural aerial spraying.

34 8. The sales price exclusive of services of farm  
35 machinery and equipment, including auxiliary  
36 attachments which improve the performance, safety,  
37 operation, or efficiency of the machinery and  
38 equipment and replacement parts, if the following  
39 conditions are met:

40 a. The farm machinery and equipment shall be  
41 directly and primarily used in production of  
42 agricultural products.

43 b. The farm machinery and equipment shall  
44 constitute self-propelled implements or implements  
45 customarily drawn or attached to self-propelled  
46 implements or the farm machinery or equipment is a  
47 grain dryer.

48 c. The replacement part is essential to any repair  
49 or reconstruction necessary to the farm machinery's or  
50 equipment's exempt use in the production of

**S-3408**

**S-3408**

Page 60

- 1 agricultural products.
- 2 Vehicles subject to registration, as defined in
- 3 section 423.1, or replacement parts for such vehicles,
- 4 are not eligible for this exemption.
- 5 9. The sales price of wood chips, sawdust, hay,
- 6 straw, paper, or other materials used for bedding in
- 7 the production of agricultural livestock or fowl.
- 8 10. The sales price of gas, electricity, water, or
- 9 heat to be used in implements of husbandry engaged in
- 10 agricultural production.
- 11 11. The sales price exclusive of services of farm
- 12 machinery and equipment, including auxiliary
- 13 attachments which improve the performance, safety,
- 14 operation, or efficiency of the machinery and
- 15 equipment and replacement parts, if all of the
- 16 following conditions are met:
  - 17 a. The implement, machinery, or equipment is
  - 18 directly and primarily used in livestock or dairy
  - 19 production, aquaculture production, or the production
  - 20 of flowering, ornamental, or vegetable plants.
  - 21 b. The implement is not a self-propelled implement
  - 22 or implement customarily drawn or attached to self-
  - 23 propelled implements.
  - 24 c. The replacement part is essential to any repair
  - 25 or reconstruction necessary to the farm machinery's or
  - 26 equipment's exempt use in livestock or dairy
  - 27 production, aquaculture production, or the production
  - 28 of flowering, ornamental, or vegetable plants.
- 29 12. The sales price, exclusive of services, from
- 30 sales of irrigation equipment used in farming
- 31 operations.
- 32 13. The sales price from the sale or rental of
- 33 irrigation equipment, whether installed above or below
- 34 ground, to a contractor or farmer if the equipment
- 35 will be primarily used in agricultural operations.
- 36 14. The sales price from the sales of horses,
- 37 commonly known as draft horses, when purchased for use
- 38 and so used as draft horses.
- 39 15. The sales price from the sale of property
- 40 which is a container, label, carton, pallet, packing
- 41 case, wrapping, baling wire, twine, bag, bottle,
- 42 shipping case, or other similar article or receptacle
- 43 sold for use in agricultural, livestock, or dairy
- 44 production.
- 45 16. The sales price from the sale of feed and feed
- 46 supplements and additives when used for consumption by
- 47 farm deer or bison.
- 48 17. The sales price of all goods, wares, or
- 49 merchandise, or services, used for educational
- 50 purposes sold to any private nonprofit educational

**S-3408**

-60-

**S-3408**

Page 61

1 institution in this state. For the purpose of this  
2 subsection, "educational institution" means an  
3 institution which primarily functions as a school,  
4 college, or university with students, faculty, and an  
5 established curriculum. The faculty of an educational  
6 institution must be associated with the institution  
7 and the curriculum must include basic courses which  
8 are offered every year. "Educational institution"  
9 includes an institution primarily functioning as a  
10 library.

11 18. The sales price of tangible personal property  
12 sold, or of services furnished, to the following  
13 nonprofit corporations:

14 a. Residential care facilities and intermediate  
15 care facilities for persons with mental retardation  
16 and residential care facilities for persons with  
17 mental illness licensed by the department of  
18 inspections and appeals under chapter 135C.

19 b. Residential facilities licensed by the  
20 department of human services pursuant to chapter 237,  
21 other than those maintained by individuals as defined  
22 in section 237.1, subsection 7.

23 c. Rehabilitation facilities that provide  
24 accredited rehabilitation services to persons with  
25 disabilities which are accredited by the commission on  
26 accreditation of rehabilitation facilities or the  
27 accreditation council for services for persons with  
28 mental retardation and other persons with  
29 developmental disabilities and adult day care services  
30 approved for reimbursement by the state department of  
31 human services.

32 d. Community mental health centers accredited by  
33 the department of human services pursuant to chapter  
34 225C.

35 e. Community health centers as defined in 42  
36 U.S.C. § 254(c) and migrant health centers as defined  
37 in 42 U.S.C. § 254(b).

38 19. The sales price of tangible personal property  
39 sold to a nonprofit organization which was organized  
40 for the purpose of lending the tangible personal  
41 property to the general public for use by them for  
42 nonprofit purposes.

43 20. The sales price of tangible personal property  
44 sold, or of services furnished, to nonprofit legal aid  
45 organizations.

46 21. The sales price of goods, wares, or  
47 merchandise, or of services, used for educational,  
48 scientific, historic preservation, or aesthetic  
49 purpose sold to a nonprofit private museum.

50 22. The sales price from sales of goods, wares, or

**S-3408**

**S-3408**

Page 62

1 merchandise, or from services furnished, to a  
2 nonprofit private art center to be used in the  
3 operation of the art center.

4 23. The sales price of tangible personal property  
5 sold, or of services furnished, by a fair society  
6 organized under chapter 174.

7 24. The sales price from services furnished by the  
8 notification center established pursuant to section  
9 480.3, and the vendor selected pursuant to section  
10 480.3 to provide the notification service.

11 25. The sales price of food and beverages sold for  
12 human consumption by a nonprofit organization which  
13 principally promotes a food or beverage product for  
14 human consumption produced, grown, or raised in this  
15 state and whose income is exempt from federal taxation  
16 under section 501(c) of the Internal Revenue Code.

17 26. The sales price of tangible personal property  
18 sold, or of services furnished, to a statewide  
19 nonprofit organ procurement organization, as defined  
20 in section 142C.2.

21 27. The sales price of tangible personal property  
22 sold, or of services furnished, to a nonprofit  
23 hospital licensed pursuant to chapter 135B to be used  
24 in the operation of the hospital.

25 28. The sales price of tangible personal property  
26 sold, or of services furnished, to a freestanding  
27 nonprofit hospice facility which operates a hospice  
28 program as defined in 42 C.F.R., ch. IV, § 418.3,  
29 which property or services are to be used in the  
30 hospice program.

31 29. The sales price of all goods, wares, or  
32 merchandise sold, or of services furnished, which are  
33 used in the fulfillment of a written construction  
34 contract with a nonprofit hospital licensed pursuant  
35 to chapter 135B if all of the following apply:

36 a. The sales and delivery of the goods, wares, or  
37 merchandise, or the services furnished occurred  
38 between July 1, 1998, and December 31, 2001.

39 b. The written construction contract was entered  
40 into prior to December 31, 1999, or bonds to fund the  
41 construction were issued prior to December 31, 1999.

42 c. The sales or services were purchased by a  
43 contractor as the agent for the hospital or were  
44 purchased directly by the hospital.

45 30. The sales price of livestock ear tags sold by  
46 a nonprofit organization whose income is exempt from  
47 federal taxation under section 501(c)(6) of the  
48 Internal Revenue Code where the proceeds are used in  
49 bovine research programs selected or approved by such  
50 organization.

**S-3408**

-62-

**S-3408**

Page 63

1 31. The sales price of goods, wares, or  
2 merchandise sold to and of services furnished, and  
3 used for public purposes sold to a tax-certifying or  
4 tax-levying body of the state or a governmental  
5 subdivision of the state, including regional transit  
6 systems, as defined in section 324A.1, the state board  
7 of regents, department of human services, state  
8 department of transportation, any municipally owned  
9 solid waste facility which sells all or part of its  
10 processed waste as fuel to a municipally owned public  
11 utility, and all divisions, boards, commissions,  
12 agencies, or instrumentalities of state, federal,  
13 county, or municipal government which have no earnings  
14 going to the benefit of an equity investor or  
15 stockholder, except any of the following:

16 a. The sales price of goods, wares, or merchandise  
17 sold to, or of services furnished, and used by or in  
18 connection with the operation of any municipally owned  
19 public utility engaged in selling gas, electricity,  
20 heat, or pay television service to the general public.

21 b. The sales price of furnishing of sewage  
22 services to a county or municipality on behalf of  
23 nonresidential commercial operations.

24 c. The furnishing of solid waste collection and  
25 disposal service to a county or municipality on behalf  
26 of nonresidential commercial operations located within  
27 the county or municipality.

28 The exemption provided by this subsection shall  
29 also apply to all such sales of goods, wares, or  
30 merchandise or of services furnished and subject to  
31 use tax.

32 32. The sales price of tangible personal property  
33 sold, or of services furnished, by a county or city.  
34 This exemption does not apply to any of the following:

35 a. The tax specifically imposed under section  
36 423.2 on the sales price from sales or furnishing of  
37 gas, electricity, water, heat, pay television service,  
38 or communication service to the public by a municipal  
39 corporation in its proprietary capacity.

40 b. The sale or furnishing of solid waste  
41 collection and disposal service to nonresidential  
42 commercial operations.

43 c. The sale or furnishing of sewage service for  
44 nonresidential commercial operations.

45 d. Fees paid to cities and counties for the  
46 privilege of participating in any athletic sports.

47 33. The sales price of mementos and other items  
48 relating to Iowa history and historic sites, the  
49 general assembly, and the state capitol, sold by the  
50 legislative service bureau and its legislative

**S-3408**

**S-3408**

Page 64

1 information office on the premises of property under  
2 the control of the legislative council, at the state  
3 capitol, and on other state property.

4 34. The sales price from sales of mementos and  
5 other items relating to Iowa history and historic  
6 sites by the department of cultural affairs on the  
7 premises of property under its control and at the  
8 state capitol.

9 35. The sales price from sales or services  
10 furnished by the state fair organized under chapter  
11 173.

12 36. The sales price from sales of tangible  
13 personal property or of the sale or furnishing of  
14 electrical energy, natural or artificial gas, or  
15 communication service to another state or political  
16 subdivision of another state if the other state  
17 provides a similar reciprocal exemption for this state  
18 and political subdivision of this state.

19 37. The sales price of services on or connected  
20 with new construction, reconstruction, alteration,  
21 expansion, remodeling, or the services of a general  
22 building contractor, architect, or engineer.

23 38. The sales price from the sale of building  
24 materials, supplies, or equipment sold to rural water  
25 districts organized under chapter 504A as provided in  
26 chapter 357A and used for the construction of  
27 facilities of a rural water district.

28 39. The sales price from "casual sales".

29 "Casual sales" means:

30 a. Sales of tangible personal property, or the  
31 furnishing of services, of a nonrecurring nature, by  
32 the owner, if the seller, at the time of the sale, is  
33 not engaged for profit in the business of selling  
34 tangible personal property or services taxed under  
35 section 423.2.

36 b. The sale of all or substantially all of the  
37 tangible personal property or services held or used by  
38 a seller in the course of the seller's trade or  
39 business for which the seller is required to hold a  
40 sales tax permit when the seller sells or otherwise  
41 transfers the trade or business to another person who  
42 shall engage in a similar trade or business.

43 40. The sales price from the sale of automotive  
44 fluids to a retailer to be used either in providing a  
45 service which includes the installation or application  
46 of the fluids in or on a motor vehicle, which service  
47 is subject to section 423.2, subsection 6, or to be  
48 installed in or applied to a motor vehicle which the  
49 retailer intends to sell, which sale is subject to  
50 section 423.26. For purposes of this subsection,

**S-3408**

-64-

**S-3408**

Page 65

1 automotive fluids are all those which are refined,  
2 manufactured, or otherwise processed and packaged for  
3 sale prior to their installation in or application to  
4 a motor vehicle. They include but are not limited to  
5 motor oil and other lubricants, hydraulic fluids,  
6 brake fluid, transmission fluid, sealants,  
7 undercoatings, antifreeze, and gasoline additives.

8 41. The sales price from the rental of motion  
9 picture films, video and audio tapes, video and audio  
10 discs, records, photos, copy, scripts, or other media  
11 used for the purpose of transmitting that which can be  
12 seen, heard, or read, if either of the following  
13 conditions are met:

14 a. The lessee imposes a charge for the viewing of  
15 such media and the charge for the viewing is subject  
16 to taxation under this subchapter or is subject to use  
17 tax.

18 b. The lessee broadcasts the contents of such  
19 media for public viewing or listening.

20 42. The sales price from the sale of tangible  
21 personal property consisting of advertising material  
22 including paper to a person in Iowa if that person or  
23 that person's agent will, subsequent to the sale, send  
24 that advertising material outside this state and the  
25 material is subsequently used solely outside of Iowa.  
26 For the purpose of this subsection, "advertising  
27 material" means any brochure, catalog, leaflet, flyer,  
28 order form, return envelope, or similar item used to  
29 promote sales of property or services.

30 43. The sales price from the sale of property or  
31 of services performed on property which the retailer  
32 transfers to a carrier for shipment to a point outside  
33 of Iowa, places in the United States mail or parcel  
34 post directed to a point outside of Iowa, or  
35 transports to a point outside of Iowa by means of the  
36 retailer's own vehicles, and which is not thereafter  
37 returned to a point within Iowa, except solely in the  
38 course of interstate commerce or transportation. This  
39 exemption shall not apply if the purchaser, consumer,  
40 or their agent, other than a carrier, takes physical  
41 possession of the property in Iowa.

42 44. The sales price from the sale of property  
43 which is a container, label, carton, pallet, packing  
44 case, wrapping paper, twine, bag, bottle, shipping  
45 case, or other similar article or receptacle sold to  
46 retailers or manufacturers for the purpose of  
47 packaging or facilitating the transportation of  
48 tangible personal property sold at retail or  
49 transferred in association with the maintenance or  
50 repair of fabric or clothing.

**S-3408**

-65-

**S-3408**

Page 66

1 45. The sales price from sales or rentals to a  
2 printer or publisher of the following: acetate; anti-  
3 halation backing; antistatic spray; back lining; base  
4 material used as a carrier for light sensitive  
5 emulsions; blankets; blow-ups; bronze powder; carbon  
6 tissue; codas; color filters; color separations;  
7 contacts; continuous tone separations; creative art;  
8 custom dies and die cutting materials; dampener  
9 sleeves; dampening solution; design and styling; diazo  
10 coating; dot etching; dot etching solutions; drawings;  
11 drawsheets; driers; duplicate films or prints;  
12 electronically digitized images; electrotypes; end  
13 product of image modulation; engravings; etch  
14 solutions; film; finished art or final art; fix;  
15 fixative spray; flats; flying pasters; foils;  
16 goldenrod paper; gum; halftones; illustrations; ink;  
17 ink paste; keylines; lacquer; lasering images;  
18 layouts; lettering; line negatives and positives;  
19 linotypes; lithographic offset plates; magnesium and  
20 zinc etchings; masking paper; masks; masters; mats;  
21 mat service; metal toner; models and modeling; mylar;  
22 negatives; nonoffset spray; opaque film process paper;  
23 opaquing; padding compound; paper stock; photographic  
24 materials: acids, plastic film, desensitizer  
25 emulsion, exposure chemicals, fix, developers, and  
26 paper; photography, day rate; photopolymer coating;  
27 photographs; photostats; photo-display tape;  
28 phototypesetter materials; ph-indicator sticks;  
29 positives; press pack; printing cylinders; printing  
30 plates, all types; process lettering; proof paper;  
31 proofs and proof processes, all types; pumice powder;  
32 purchased author alterations; purchased composition;  
33 purchased phototypesetting; purchased stripping and  
34 pasteups; red litho tape; reducers; roller covering;  
35 screen tints; sketches; stepped plates; stereotypes;  
36 strip types; substrate; tints; tissue overlays;  
37 toners; transparencies; tympan; typesetting;  
38 typography; varnishes; veloxes; wood mounts; and any  
39 other items used in a like capacity to any of the  
40 above enumerated items by the printer or publisher to  
41 complete a finished product for sale at retail.  
42 Expendable tools and supplies which are not enumerated  
43 in this subsection are excluded from the exemption.  
44 "Printer" means that portion of a person's business  
45 engaged in printing that completes a finished product  
46 for ultimate sale at retail or means that portion of a  
47 person's business used to complete a finished printed  
48 packaging material used to package a product for  
49 ultimate sale at retail. "Printer" does not mean an  
50 in-house printer who prints or copyrights its own

**S-3408**

-66-



**S-3408**

Page 67

1 materials.

2 46. a. The sales price from the sale or rental of  
3 computers, machinery, and equipment, including  
4 replacement parts, and materials used to construct or  
5 self-construct computers, machinery, and equipment if  
6 such items are any of the following:

7 (1) Directly and primarily used in processing by a  
8 manufacturer.

9 (2) Directly and primarily used to maintain the  
10 integrity of the product or to maintain unique  
11 environmental conditions required for either the  
12 product or the computers, machinery, and equipment  
13 used in processing by a manufacturer, including test  
14 equipment used to control quality and specifications  
15 of the product.

16 (3) Directly and primarily used in research and  
17 development of new products or processes of  
18 processing.

19 (4) Computers used in processing or storage of  
20 data or information by an insurance company, financial  
21 institution, or commercial enterprise.

22 (5) Directly and primarily used in recycling or  
23 reprocessing of waste products.

24 (6) Pollution-control equipment used by a  
25 manufacturer, including but not limited to that  
26 required or certified by an agency of this state or of  
27 the United States government.

28 b. The sales price from the sale of fuel used in  
29 creating heat, power, steam, or for generating  
30 electrical current, or from the sale of electricity,  
31 consumed by computers, machinery, or equipment used in  
32 an exempt manner described in paragraph "a",  
33 subparagraph (1), (2), (3), (5), or (6).

34 c. The sales price from the sale or rental of the  
35 following shall not be exempt from the tax imposed by  
36 this subchapter:

37 (1) Hand tools.

38 (2) Point-of-sale equipment and computers.

39 (3) Industrial machinery, equipment, and  
40 computers, including pollution-control equipment  
41 within the scope of section 427A.1, subsection 1,  
42 paragraphs "h" and "i".

43 (4) Vehicles subject to registration, except  
44 vehicles subject to registration which are directly  
45 and primarily used in recycling or reprocessing of  
46 waste products.

47 d. As used in this subsection:

48 (1) "Commercial enterprise" includes businesses  
49 and manufacturers conducted for profit and centers for  
50 data processing services to insurance companies,

**S-3408**

-67-

**S-3408**

Page 68

1 financial institutions, businesses, and manufacturers,  
2 but excludes professions and occupations and nonprofit  
3 organizations.

4 (2) "Financial institution" means as defined in  
5 section 527.2.

6 (3) "Insurance company" means an insurer organized  
7 or operating under chapter 508, 514, 515, 518, 518A,  
8 519, or 520, or authorized to do business in Iowa as  
9 an insurer or an insurance producer under chapter  
10 522B.

11 (4) "Manufacturer" means as defined in section  
12 428.20, but also includes contract manufacturers. A  
13 contract manufacturer is a manufacturer that otherwise  
14 falls within the definition of manufacturer under  
15 section 428.20, except that a contract manufacturer  
16 does not sell the tangible personal property the  
17 contract manufacturer processes on behalf of other  
18 manufacturers. A business engaged in activities  
19 subsequent to the extractive process of quarrying or  
20 mining, such as crushing, washing, sizing, or blending  
21 of aggregate materials, is a manufacturer with respect  
22 to these activities.

23 (5) "Processing" means a series of operations in  
24 which materials are manufactured, refined, purified,  
25 created, combined, or transformed by a manufacturer,  
26 ultimately into tangible personal property.  
27 Processing encompasses all activities commencing with  
28 the receipt or producing of raw materials by the  
29 manufacturer and ending at the point products are  
30 delivered for shipment or transferred from the  
31 manufacturer. Processing includes but is not limited  
32 to refinement or purification of materials; treatment  
33 of materials to change their form, context, or  
34 condition; maintenance of the quality or integrity of  
35 materials, components, or products; maintenance of  
36 environmental conditions necessary for materials,  
37 components, or products; quality control activities;  
38 and construction of packaging and shipping devices,  
39 placement into shipping containers or any type of  
40 shipping devices or medium, and the movement of  
41 materials, components, or products until shipment from  
42 the processor.

43 (6) "Receipt or producing of raw materials" means  
44 activities performed upon tangible personal property  
45 only. With respect to raw materials produced from or  
46 upon real estate, the receipt or producing of raw  
47 materials is deemed to occur immediately following the  
48 severance of the raw materials from the real estate.

49 47. The sales price from the furnishing of the  
50 design and installation of new industrial machinery or

**S-3408**

**S-3408**

Page 69

1 equipment, including electrical and electronic  
2 installation.

3 48. The sales price from the sale of carbon  
4 dioxide in a liquid, solid, or gaseous form,  
5 electricity, steam, and other taxable services when  
6 used by a manufacturer of food products to produce  
7 marketable food products for human consumption,  
8 including but not limited to treatment of material to  
9 change its form, context, or condition, in order to  
10 produce the food product, maintenance of quality or  
11 integrity of the food product, changing or maintenance  
12 of temperature levels necessary to avoid spoilage or  
13 to hold the food product in marketable condition,  
14 maintenance of environmental conditions necessary for  
15 the safe or efficient use of machinery and material  
16 used to produce the food product, sanitation and  
17 quality control activities, formation of packaging,  
18 placement into shipping containers, and movement of  
19 the material or food product until shipment from the  
20 building of manufacture.

21 49. The sales price of sales of electricity,  
22 steam, or any taxable service when purchased and used  
23 in the processing of tangible personal property  
24 intended to be sold ultimately at retail.

25 50. The sales price of tangible personal property  
26 sold for processing. Tangible personal property is  
27 sold for processing within the meaning of this  
28 subsection only when it is intended that the property  
29 will, by means of fabrication, compounding,  
30 manufacturing, or germination, become an integral part  
31 of other tangible personal property intended to be  
32 sold ultimately at retail; or for generating electric  
33 current; or the property is a chemical, solvent,  
34 sorbent, or reagent, which is directly used and is  
35 consumed, dissipated, or depleted, in processing  
36 tangible personal property which is intended to be  
37 sold ultimately at retail or consumed in the  
38 maintenance or repair of fabric or clothing, and which  
39 may not become a component or integral part of the  
40 finished product. The distribution to the public of  
41 free newspapers or shoppers guides is a retail sale  
42 for purposes of the processing exemption set out in  
43 this subsection and in subsection 49.

44 51. The sales price from the sale of argon and  
45 other similar gases to be used in the manufacturing  
46 process.

47 52. The sales price from the sale of electricity  
48 to water companies assessed for property tax pursuant  
49 to sections 428.24, 428.26, and 428.28 which is used  
50 solely for the purpose of pumping water from a river

**S-3408**

-69-

**S-3408**

Page 70

1 or well.

2 53. The sales price from the sale of wind energy  
3 conversion property to be used as an electric power  
4 source and the sale of the materials used to  
5 manufacture, install, or construct wind energy  
6 conversion property used or to be used as an electric  
7 power source.

8 For purposes of this subsection, "wind energy  
9 conversion property" means any device, including, but  
10 not limited to, a wind charger, windmill, wind  
11 turbine, tower and electrical equipment, pad mount  
12 transformers, power lines, and substation, which  
13 converts wind energy to a form of usable energy.

14 54. The sales price from the sales of newspapers,  
15 free newspapers, or shoppers guides and the printing  
16 and publishing of such newspapers and shoppers guides,  
17 and envelopes for advertising.

18 55. The sales price from the sale of motor fuel  
19 and special fuel consumed for highway use or in  
20 watercraft or aircraft where the fuel tax has been  
21 imposed and paid and no refund has been or will be  
22 allowed and the sales price from the sales of ethanol  
23 blended gasoline, as defined in section 452A.2.

24 56. The sales price from all sales of food and  
25 food ingredients. However, as used in this  
26 subsection, "food" does not include alcoholic  
27 beverages, candy, dietary supplements, food sold  
28 through vending machines, prepared food, soft drinks,  
29 and tobacco.

30 For the purposes of this subsection:

31 a. "Alcoholic beverages" means beverages that are  
32 suitable for human consumption and contain one-half of  
33 one percent or more of alcohol by volume.

34 b. "Candy" means a preparation of sugar, honey, or  
35 other natural or artificial sweeteners in combination  
36 with chocolate, fruits, nuts, or other ingredients or  
37 flavorings in the form of bars, drops, or pieces.  
38 Candy shall not include any preparation containing  
39 flour and shall require no refrigeration.

40 c. "Dietary supplement" means any product, other  
41 than tobacco, intended to supplement the diet that  
42 contains one or more of the following dietary  
43 ingredients:

44 (1) A vitamin.

45 (2) A mineral.

46 (3) An herb or other botanical.

47 (4) An amino acid.

48 (5) A dietary substance for use by humans to  
49 supplement the diet by increasing the total dietary  
50 intake.

**S-3408**

**S-3408**

Page 71

1 (6) A concentrate, metabolite, constituent,  
2 extract, or combination of any of the ingredients in  
3 subparagraphs (1) through (5) that is intended for  
4 ingestion in tablet, capsule, powder, softgel, gelcap,  
5 or liquid form, or if not intended for ingestion in  
6 such a form, is not represented as conventional food  
7 and is not represented for use as a sole item of a  
8 meal or of the diet; and is required to be labeled as  
9 a dietary supplement, identifiable by the "supplement  
10 facts" box found on the label and as required pursuant  
11 to 21 C.F.R. § 101.36.

12 d. "Food and food ingredients" means substances,  
13 whether in liquid, concentrated, solid, frozen, dried,  
14 or dehydrated form, that are sold for ingestion or  
15 chewing by humans and are consumed for their taste or  
16 nutritional value.

17 e. "Food sold through vending machines" means food  
18 dispensed from a machine or other mechanical device  
19 that accepts payment, other than food which would be  
20 qualified for exemption under subsection 57 if  
21 purchased with a coupon described in subsection 57.

22 f. "Prepared food" means any of following:

23 (1) Food sold in a heated state or heated by the  
24 seller, including food sold by a caterer.

25 (2) Two or more food ingredients mixed or combined  
26 by the seller for sale as a single item.

27 (3) "Prepared food", for the purposes of this  
28 paragraph, does not include food that is any of the  
29 following:

30 (a) Only cut, repackaged, or pasteurized by the  
31 seller.

32 (b) Eggs, fish, meat, poultry, and foods  
33 containing these raw animal foods requiring cooking by  
34 the consumer as recommended by the United States food  
35 and drug administration in chapter 3, part 401.11 of  
36 its food code, so as to prevent food borne illnesses.

37 (c) Bakery items sold by the seller which baked  
38 them. The words "bakery items" includes but is not  
39 limited to breads, rolls, buns, biscuits, bagels,  
40 croissants, pastries, donuts, Danish, cakes, tortes,  
41 pies, tarts, muffins, bars, cookies, and tortillas.

42 (d) Food sold without eating utensils provided by  
43 the seller in an unheated state as a single item which  
44 is priced by weight or volume.

45 (4) Food sold with eating utensils provided by the  
46 seller, including plates, knives, forks, spoons,  
47 glasses, cups, napkins, or straws. A plate does not  
48 include a container or packaging used to transport  
49 food.

50 g. "Soft drinks" means nonalcoholic beverages that

**S-3408**

**S-3408**

Page 72

1 contain natural or artificial sweeteners. "Soft  
2 drinks" does not include beverages that contain milk  
3 or milk products; soy, rice, or similar milk  
4 substitutes; or greater than fifty percent of  
5 vegetable or fruit juice by volume.

6 f. "Tobacco" means cigarettes, cigars, chewing or  
7 pipe tobacco, or any other item that contains tobacco.

8 57. The sales price from the sale of items  
9 purchased with coupons issued under the federal Food  
10 Stamp Act of 1977, 7 U.S.C. § 2011 et seq.

11 58. In transactions in which tangible personal  
12 property is traded toward the sales price of other  
13 tangible personal property, that portion of the sales  
14 price which is not payable in money to the retailer is  
15 exempted from the taxable amount if the following  
16 conditions are met:

17 a. The tangible personal property traded to the  
18 retailer is the type of property normally sold in the  
19 regular course of the retailer's business.

20 b. The tangible personal property traded to the  
21 retailer is intended by the retailer to be ultimately  
22 sold at retail or is intended to be used by the  
23 retailer or another in the remanufacturing of a like  
24 item.

25 59. The sales price from the sale or rental of  
26 prescription drugs or medical devices intended for  
27 human use or consumption.

28 For the purposes of this subsection:

29 a. "Drug" means a compound, substance, or  
30 preparation, and any component of a compound,  
31 substance, or preparation, other than food and food  
32 ingredients, dietary supplements, or alcoholic  
33 beverages which is any of the following:

34 (1) Recognized in the official United States  
35 pharmacopoeia, official homeopathic pharmacopoeia of  
36 the United States, or official national formulary, and  
37 supplement to any of them.

38 (2) Intended for use in the diagnosis, cure,  
39 mitigation, treatment, or prevention of disease.

40 (3) Intended to affect the structure or any  
41 function of the body.

42 b. "Medical device" means equipment or a supply,  
43 intended to be prescribed by a practitioner, including  
44 orthopedic or orthotic devices. However, "medical  
45 device" also includes prosthetic devices, ostomy,  
46 urological, and tracheostomy equipment and supplies,  
47 and diabetic testing materials, hypodermic syringes  
48 and needles, anesthesia trays, biopsy trays and biopsy  
49 needles, cannula systems, catheter trays and invasive  
50 catheters, dialyzers, drug infusion devices, fistula

**S-3408**

-72-

**S-3408**

Page 73

1 sets, hemodialysis devices, insulin infusion devices,  
2 intraocular lenses, irrigation solutions, intravenous  
3 administering sets, solutions and stopcocks, myelogram  
4 trays, nebulizers, small vein infusion kits, spinal  
5 puncture trays, transfusion sets, venous blood sets,  
6 and oxygen equipment, intended to be dispensed for  
7 human use with or without a prescription to an  
8 ultimate user.

9 c. "Practitioner" means a practitioner as defined  
10 in section 155A.3, or a person licensed to prescribe  
11 drugs.

12 d. "Prescription drug" means a drug intended to be  
13 dispensed to an ultimate user pursuant to a  
14 prescription drug order, formula, or recipe issued in  
15 any form of oral, written, electronic, or other means  
16 of transmission by a duly licensed practitioner, or  
17 oxygen or insulin dispensed for human consumption with  
18 or without a prescription drug order or medication  
19 order.

20 e. "Prosthetic device" means a replacement,  
21 corrective, or supportive device including repair and  
22 replacement parts for the same worn on or in the body  
23 to do any of the following:

24 (1) Artificially replace a missing portion of the  
25 body.

26 (2) Prevent or correct physical deformity or  
27 malfunction.

28 (3) Support a weak or deformed portion of the  
29 body.

30 f. "Ultimate user" means an individual who has  
31 lawfully obtained and possesses a prescription drug or  
32 medical device for the individual's own use or for the  
33 use of a member of the individual's household, or an  
34 individual to whom a prescription drug or medical  
35 device has been lawfully supplied, administered,  
36 dispensed, or prescribed.

37 60. The sales price from services furnished by  
38 aerial commercial and charter transportation services.

39 61. The sales price from the sale of raffle  
40 tickets for a raffle licensed pursuant to section  
41 99B.5.

42 62. The sales price from the sale of tangible  
43 personal property which will be given as prizes to  
44 players in games of skill, games of chance, raffles,  
45 and bingo games as defined in chapter 99B.

46 63. The sales price from the sale of a modular  
47 home, as defined in section 435.1, to the extent of  
48 the portion of the purchase price of the modular home  
49 which is not attributable to the cost of the tangible  
50 personal property used in the processing of the

**S-3408**

**S-3408**

Page 74

1 modular home. For purposes of this exemption, the  
2 portion of the purchase price which is not  
3 attributable to the cost of the tangible personal  
4 property used in the processing of the modular home is  
5 forty percent.

6 64. The sales price from charges paid to a  
7 provider for access to on-line computer services. For  
8 purposes of this subsection, "on-line computer  
9 service" means a service that provides or enables  
10 computer access by multiple users to the internet or  
11 to other information made available through a computer  
12 server.

13 65. The sales price from the sale or rental of  
14 information services. "Information services" means  
15 every business activity, process, or function by which  
16 a seller or its agent accumulates, prepares,  
17 organizes, or conveys data, facts, knowledge,  
18 procedures, and like services to a buyer or its agent  
19 of such information through any tangible or intangible  
20 medium. Information accumulated, prepared, or  
21 organized for a buyer or its agent is an information  
22 service even though it may incorporate preexisting  
23 components of data or other information. "Information  
24 services" includes, but is not limited to, database  
25 files, mailing lists, subscription files, market  
26 research, credit reports, surveys, real estate  
27 listings, bond rating reports, abstracts of title, bad  
28 check lists, broadcasting rating services, wire  
29 services, and scouting reports, or other similar  
30 items.

31 66. The sales price of a sale at retail if the  
32 substance of the transaction is delivered to the  
33 purchaser digitally, electronically, or utilizing  
34 cable, or by radio waves, microwaves, satellites, or  
35 fiber optics.

36 67. a. The sales price from the sale of an  
37 article of clothing designed to be worn on or about  
38 the human body if all of the following apply:

39 (1) The sales price of the article is less than  
40 one hundred dollars.

41 (2) The sale takes place during a period beginning  
42 at 12:01 a.m. on the first Friday in August and ending  
43 at midnight on the following Saturday.

44 b. This subsection does not apply to any of the  
45 following:

46 (1) Sport or recreational equipment and protective  
47 equipment.

48 (2) Clothing accessories or equipment.

49 (3) The rental of clothing.

50 c. For purposes of this subsection:

**S-3408**

-74-



**S-3408**

Page 75

1 (1) "Clothing" means all human wearing apparel  
2 suitable for general use. "Clothing" includes, but is  
3 not limited to the following: aprons, household and  
4 shop; athletic supporters; baby receiving blankets;  
5 bathing suits and caps; beach capes and coats; belts  
6 and suspenders; boots; coats and jackets; costumes;  
7 diapers (children and adults, including disposable  
8 diapers); earmuffs; footlets; formal wear; garters and  
9 garter belts; girdles; gloves and mittens for general  
10 use; hats and caps; hosiery; insoles for shoes; lab  
11 coats; neckties; overshoes; pantyhose; rainwear;  
12 rubber pants; sandals; scarves; shoes and shoelaces;  
13 slippers; sneakers; socks and stockings; steel-toed  
14 shoes; underwear; uniforms, athletic and nonathletic;  
15 and wedding apparel.

16 "Clothing" does not include the following: belt  
17 buckles sold separately; costume masks sold  
18 separately; patches and emblems sold separately;  
19 sewing equipment and supplies (including, but not  
20 limited to, knitting needles, patterns, pins,  
21 scissors, sewing machines, sewing needles, tape  
22 measures, and thimbles); and sewing materials that  
23 become part of clothing (including, but not limited  
24 to, buttons, fabric, lace, thread, yarn, and zippers).

25 (2) "Clothing accessories or equipment" means  
26 incidental items worn on the person or in conjunction  
27 with clothing. "Clothing accessories or equipment"  
28 includes, but is not limited to, the following:  
29 briefcases; cosmetics; hair notions (including, but  
30 not limited to, barrettes, hair bows, and hair nets);  
31 handbags; handkerchiefs; jewelry; sunglasses,  
32 nonprescription; umbrellas; wallets; watches; and wigs  
33 and hairpieces.

34 (3) "Protective equipment" means items for human  
35 wear and designed as protection for the wearer against  
36 injury or disease or as protection against damage or  
37 injury of other persons or property but not suitable  
38 for general use. "Protective equipment" includes, but  
39 is not limited to, the following: breathing masks;  
40 clean room apparel and equipment; ear and hearing  
41 protectors; face shields; hard hats; helmets; paint or  
42 dust respirators; protective gloves; safety glasses  
43 and goggles; safety belts; tool belts; and welders  
44 gloves and masks.

45 (4) "Sport or recreational equipment" means items  
46 designed for human use and worn in conjunction with an  
47 athletic or recreational activity that are not  
48 suitable for general use. "Sport or recreational  
49 equipment" includes, but is not limited to, the  
50 following: ballet and tap shoes; cleated or spiked

**S-3408**

-75-

**S-3408**

Page 76

1 athletic shoes; gloves (including, but not limited to,  
2 baseball, bowling, boxing, hockey, and golf); goggles;  
3 hand and elbow guards; life preservers and vests;  
4 mouth guards; roller and ice skates; shin guards;  
5 shoulder pads; ski boots; waders; and wetsuits and  
6 fins.

7 68. a. Subject to paragraph "b", the sales price  
8 from the sale or furnishing of metered gas,  
9 electricity, and fuel, including propane and heating  
10 oil, to residential customers which is used to provide  
11 energy for residential dwellings and units of  
12 apartment and condominium complexes used for human  
13 occupancy.

14 b. The exemption in this subsection shall be  
15 phased in by means of a reduction in the tax rate as  
16 follows:

17 (1) If the date of the utility billing or meter  
18 reading cycle of the residential customer for the sale  
19 or furnishing of metered gas and electricity is on or  
20 after January 1, 2002, through December 31, 2002, or  
21 if the sale or furnishing of fuel for purposes of  
22 residential energy and the delivery of the fuel occurs  
23 on or after January 1, 2002, through December 31,  
24 2002, the rate of tax is four percent of the sales  
25 price.

26 (2) If the date of the utility billing or meter  
27 reading cycle of the residential customer for the sale  
28 or furnishing of metered gas and electricity is on or  
29 after January 1, 2003, through June 30, 2008, or if  
30 the sale or furnishing of fuel for purposes of  
31 residential energy and the delivery of the fuel occurs  
32 on or after January 1, 2003, through June 30, 2008,  
33 the rate of tax is three percent of the sales price.

34 (3) If the date of the utility billing or meter  
35 reading cycle of the residential customer for the sale  
36 or furnishing of metered gas and electricity is on or  
37 after July 1, 2008, through June 30, 2009, or if the  
38 sale or furnishing of fuel for purposes of residential  
39 energy and the delivery of the fuel occurs on or after  
40 July 1, 2008, through June 30, 2009, the rate of tax  
41 is two percent of the sales price.

42 (4) If the date of the utility billing or meter  
43 reading cycle of the residential customer for the sale  
44 or furnishing of metered gas and electricity is on or  
45 after July 1, 2009, through June 30, 2010, or if the  
46 sale or furnishing of fuel for purposes of residential  
47 energy and the delivery of the fuel occurs on or after  
48 July 1, 2009, through June 30, 2010, the rate of tax  
49 is one percent of the sales price.

50 (5) If the date of the utility billing or meter

**S-3408**

**S-3408**

Page 77

1 reading cycle of the residential customer for the sale  
2 or furnishing of metered gas and electricity is on or  
3 after July 1, 2010, or if the sale, furnishing, or  
4 service of fuel for purposes of residential energy and  
5 the delivery of the fuel occurs on or after July 1,  
6 2010, the rate of tax is zero percent of the sales  
7 price.

8 c. The exemption in this subsection does not apply  
9 to local option sales and services tax imposed  
10 pursuant to chapters 423B and 423E.

11 69. The sales price from charges paid for the  
12 delivery of electricity or natural gas if the sale or  
13 furnishing of the electricity or natural gas or its  
14 use is exempt from the tax on sales prices imposed  
15 under this subchapter or from the use tax imposed  
16 under subchapter III.

17 70. The sales price from the sales, furnishing, or  
18 service of transportation service except the rental of  
19 recreational vehicles or recreational boats, except  
20 the rental of motor vehicles subject to registration  
21 which are registered for a gross weight of thirteen  
22 tons or less for a period of sixty days or less, and  
23 except the rental of aircraft for a period of sixty  
24 days or less. This exemption does not apply to the  
25 transportation of electric energy or natural gas.

26 71. The sales price from sales of tangible  
27 personal property used or to be used as railroad  
28 rolling stock for transporting persons or property, or  
29 as materials or parts therefor.

30 72. The sales price from the sales of special fuel  
31 for diesel engines consumed or used in the operation  
32 of ships, barges, or waterborne vessels which are used  
33 primarily in or for the transportation of property or  
34 cargo, or the conveyance of persons for hire on rivers  
35 bordering on the state if the fuel is delivered by the  
36 seller to the purchaser's barge, ship, or waterborne  
37 vessel while it is afloat upon such a river.

38 73. The sales price from sales of vehicles subject  
39 to registration or subject only to the issuance of a  
40 certificate of title and sales of aircraft subject to  
41 registration under section 328.20.

42 74. The sales price from the sale of aircraft for  
43 use in a scheduled interstate federal aviation  
44 administration certificated air carrier operation.

45 75. The sales price from the sale or rental of  
46 aircraft; the sale or rental of tangible personal  
47 property permanently affixed or attached as a  
48 component part of the aircraft, including but not  
49 limited to repair or replacement materials or parts;  
50 and the sales price of all services used for aircraft

**S-3408**

**S-3408**

Page 78

1 repair, remodeling, and maintenance services when such  
2 services are performed on aircraft, aircraft engines,  
3 or aircraft component materials or parts. For the  
4 purposes of this exemption, "aircraft" means aircraft  
5 used in a scheduled interstate federal aviation  
6 administration certificated air carrier operation.

7 76. The sales price from the sale or rental of  
8 tangible personal property permanently affixed or  
9 attached as a component part of the aircraft,  
10 including but not limited to repair or replacement  
11 materials or parts; and the sales price of all  
12 services used for aircraft repair, remodeling, and  
13 maintenance services when such services are performed  
14 on aircraft, aircraft engines, or aircraft component  
15 materials or parts. For the purposes of this  
16 exemption, "aircraft" means aircraft used in  
17 nonscheduled interstate federal aviation  
18 administration certificated air carrier operation  
19 operating under 14 C.F.R. ch. 1, pt. 135.

20 77. The sales price from the sale of aircraft to  
21 an aircraft dealer who in turn rents or leases the  
22 aircraft if all of the following apply:

23 a. The aircraft is kept in the inventory of the  
24 dealer for sale at all times.

25 b. The dealer reserves the right to immediately  
26 take the aircraft from the renter or lessee when a  
27 buyer is found.

28 c. The renter or lessee is aware that the dealer  
29 will immediately take the aircraft when a buyer is  
30 found.

31 If an aircraft exempt under this subsection is used  
32 for any purpose other than leasing or renting, or the  
33 conditions in paragraphs "a", "b", and "c" are not  
34 continuously met, the dealer claiming the exemption  
35 under this subsection is liable for the tax that would  
36 have been due except for this subsection. The tax  
37 shall be computed upon the original purchase price.

38 78. The sales price from sales or rental of  
39 tangible personal property, or services rendered by  
40 any entity where the profits from the sales or rental  
41 of the tangible personal property, or services  
42 rendered are used by or donated to a nonprofit entity  
43 which is exempt from federal income taxation pursuant  
44 to section 501(c)(3) of the Internal Revenue Code, a  
45 government entity, or a nonprofit private educational  
46 institution, and where the entire proceeds from the  
47 sales, rental, or services are expended for any of the  
48 following purposes:

49 a. Educational.

50 b. Religious.

**S-3408**

**S-3408**

Page 79

1 c. Charitable. A charitable act is an act done  
2 out of goodwill, benevolence, and a desire to add to  
3 or to improve the good of humankind in general or any  
4 class or portion of humankind, with no pecuniary  
5 profit inuring to the person performing the service or  
6 giving the gift.

7 This exemption does not apply to the sales price  
8 from games of skill, games of chance, raffles, and  
9 bingo games as defined in chapter 99B. This exemption  
10 is disallowed on the amount of the sales price only to  
11 the extent the profits from the sales, rental, or  
12 services are not used by or donated to the appropriate  
13 entity and expended for educational, religious, or  
14 charitable purposes.

15 79. The sales price from the sale or rental of  
16 tangible personal property or from services furnished  
17 to a recognized community action agency as provided in  
18 section 216A.93 to be used for the purposes of the  
19 agency.

20 80. a. For purposes of this subsection,  
21 "designated exempt entity" means an entity which is  
22 designated in section 423.4, subsection 1.

23 b. If a contractor, subcontractor, or builder is  
24 to use building materials, supplies, and equipment in  
25 the performance of a construction contract with a  
26 designated exempt entity, the person shall purchase  
27 such items of tangible personal property without  
28 liability for the tax if such property will be used in  
29 the performance of the construction contract and a  
30 purchasing agent authorization letter and an exemption  
31 certificate, issued by the designated exempt entity,  
32 are presented to the retailer.

33 c. Where the owner, contractor, subcontractor, or  
34 builder is also a retailer holding a retail sales tax  
35 permit and transacting retail sales of building  
36 materials, supplies, and equipment, the tax shall not  
37 be due when materials are withdrawn from inventory for  
38 use in construction performed for a designated exempt  
39 entity if an exemption certificate is received from  
40 such entity.

41 d. Tax shall not apply to tangible personal  
42 property purchased and consumed by a manufacturer as  
43 building materials, supplies, or equipment in the  
44 performance of a construction contract for a  
45 designated exempt entity, if a purchasing agent  
46 authorization letter and an exemption certificate are  
47 received from such entity and presented to a retailer.

48 81. The sales price from the sales of lottery  
49 tickets or shares pursuant to chapter 99G.

50 82. The sales price from the sale or rental of

**S-3408**

**S-3408**

Page 80

1 core and mold making equipment and sand handling  
2 equipment directly and primarily used in the mold  
3 making process by a foundry.  
4 83. The sales price from noncustomer point of sale  
5 or noncustomer automated teller machine access or  
6 service charges assessed by a financial institution.  
7 For purposes of this subsection, "financial  
8 institution" means the same as defined in section  
9 527.2.

10 Sec. 106. NEW SECTION. 423.4 REFUNDS.

11 1. A private nonprofit educational institution in  
12 this state, nonprofit private museum in this state,  
13 tax-certifying or tax-levying body or governmental  
14 subdivision of the state, including the state board of  
15 regents, state department of human services, state  
16 department of transportation, a municipally owned  
17 solid waste facility which sells all or part of its  
18 processed waste as fuel to a municipally owned public  
19 utility, and all divisions, boards, commissions,  
20 agencies, or instrumentalities of state, federal,  
21 county, or municipal government which do not have  
22 earnings going to the benefit of an equity investor or  
23 stockholder, may make application to the department  
24 for the refund of the sales or use tax upon the sales  
25 price of all sales of goods, wares, or merchandise, or  
26 from services furnished to a contractor, used in the  
27 fulfillment of a written contract with the state of  
28 Iowa, any political subdivision of the state, or a  
29 division, board, commission, agency, or  
30 instrumentality of the state or a political  
31 subdivision, a private nonprofit educational  
32 institution in this state, or a nonprofit private  
33 museum in this state if the property becomes an  
34 integral part of the project under contract and at the  
35 completion of the project becomes public property, is  
36 devoted to educational uses, or becomes a nonprofit  
37 private museum; except goods, wares, or merchandise,  
38 or services furnished which are used in the  
39 performance of any contract in connection with the  
40 operation of any municipal utility engaged in selling  
41 gas, electricity, or heat to the general public or in  
42 connection with the operation of a municipal pay  
43 television system; and except goods, wares, and  
44 merchandise used in the performance of a contract for  
45 a "project" under chapter 419 as defined in that  
46 chapter other than goods, wares, or merchandise used  
47 in the performance of a contract for a "project" under  
48 chapter 419 for which a bond issue was approved by a  
49 municipality prior to July 1, 1968, or for which the  
50 goods, wares, or merchandise becomes an integral part

**S-3408**

-80-

**S-3408**

Page 81

1 of the project under contract and at the completion of  
2 the project becomes public property or is devoted to  
3 educational uses.

4 a. Such contractor shall state under oath, on  
5 forms provided by the department, the amount of such  
6 sales of goods, wares, or merchandise, or services  
7 furnished and used in the performance of such  
8 contract, and upon which sales or use tax has been  
9 paid, and shall file such forms with the governmental  
10 unit, private nonprofit educational institution, or  
11 nonprofit private museum which has made any written  
12 contract for performance by the contractor. The forms  
13 shall be filed by the contractor with the governmental  
14 unit, educational institution, or nonprofit private  
15 museum before final settlement is made.

16 b. Such governmental unit, educational  
17 institution, or nonprofit private museum shall, not  
18 more than one year after the final settlement has been  
19 made, make application to the department for any  
20 refund of the amount of the sales or use tax which  
21 shall have been paid upon any goods, wares, or  
22 merchandise, or services furnished, the application to  
23 be made in the manner and upon forms to be provided by  
24 the department, and the department shall forthwith  
25 audit the claim and, if approved, issue a warrant to  
26 the governmental unit, educational institution, or  
27 nonprofit private museum in the amount of the sales or  
28 use tax which has been paid to the state of Iowa under  
29 the contract.

30 Refunds authorized under this subsection shall  
31 accrue interest at the rate in effect under section  
32 421.7 from the first day of the second calendar month  
33 following the date the refund claim is received by the  
34 department.

35 c. Any contractor who willfully makes a false  
36 report of tax paid under the provisions of this  
37 subsection is guilty of a simple misdemeanor and in  
38 addition shall be liable for the payment of the tax  
39 and any applicable penalty and interest.

40 2. The refund of sales and use tax paid on  
41 transportation construction projects let by the state  
42 department of transportation is subject to the special  
43 provisions of this subsection.

44 a. A contractor awarded a contract for a  
45 transportation construction project is considered the  
46 consumer of all building materials, building supplies,  
47 and equipment and shall pay sales tax to the supplier  
48 or remit consumer use tax directly to the department.

49 b. The contractor is not required to file  
50 information with the state department of

**S-3408**

**S-3408**

Page 82

1 transportation stating the amount of goods, wares, or  
2 merchandise, or services rendered, furnished, or  
3 performed and used in the performance of the contract  
4 or the amount of sales or use tax paid.

5 c. The state department of transportation shall  
6 file a refund claim based on a formula that considers  
7 the following:

8 (1) The quantity of material to complete the  
9 contract, and quantities of items of work.

10 (2) The estimated cost of these materials included  
11 in the items of work, and the state sales or use tax  
12 to be paid on the tax rate in effect in section 423.2.  
13 The quantity of materials shall be determined after  
14 each letting based on the contract quantities of all  
15 items of work let to contract. The quantity of  
16 individual component materials required for each item  
17 shall be determined and maintained in a database. The  
18 total quantities of materials shall be determined by  
19 multiplying the quantities of component materials for  
20 each contract item of work by the total quantities of  
21 each contract item for each letting. Where variances  
22 exist in the cost of materials, the lowest cost shall  
23 be used as the base cost.

24 d. Only the state sales or use tax is refundable.  
25 Local option taxes paid by the contractor are not  
26 refundable.

27 3. A relief agency may apply to the director for  
28 refund of the amount of sales or use tax imposed and  
29 paid upon sales to it of any goods, wares,  
30 merchandise, or services furnished, used for free  
31 distribution to the poor and needy.

32 a. The refunds may be obtained only in the  
33 following amounts and manner and only under the  
34 following conditions:

35 (1) On forms furnished by the department, and  
36 filed within the time as the director shall provide by  
37 rule, the relief agency shall report to the department  
38 the total amount or amounts, valued in money, expended  
39 directly or indirectly for goods, wares, merchandise,  
40 or services furnished, used for free distribution to  
41 the poor and needy.

42 (2) On these forms the relief agency shall  
43 separately list the persons making the sales to it or  
44 to its order, together with the dates of the sales,  
45 and the total amount so expended by the relief agency.

46 (3) The relief agency must prove to the  
47 satisfaction of the director that the person making  
48 the sales has included the amount thereof in the  
49 computation of the sales price of such person and that  
50 such person has paid the tax levied by this subchapter

**S-3408**



**S-3408**

Page 83

1 or subchapter III, based upon such computation of the  
2 sales price.

3 b. If satisfied that the foregoing conditions and  
4 requirements have been complied with, the director  
5 shall refund the amount claimed by the relief agency.

## SUBCHAPTER III

## USE TAX

8 Sec. 107. NEW SECTION. 423.5 IMPOSITION OF TAX.

9 An excise tax at the rate of five percent of the  
10 purchase price or installed purchase price is imposed  
11 on the following:

12 1. The use in this state of tangible personal  
13 property as defined in section 423.1, including  
14 aircraft subject to registration under section 328.20,  
15 purchased for use in this state. For the purposes of  
16 this subchapter, the furnishing or use of the  
17 following services is also treated as the use of  
18 tangible personal property: optional service or  
19 warranty contracts, except residential service  
20 contracts regulated under chapter 523C, vulcanizing,  
21 recapping, or retreading services, engraving,  
22 photography, retouching, printing, or binding  
23 services, and communication service when furnished or  
24 delivered to consumers or users within this state.

25 2. The use of manufactured housing in this state,  
26 on the purchase price if the manufactured housing is  
27 sold in the form of tangible personal property or on  
28 the installed purchase price if the manufactured  
29 housing is sold in the form of realty.

30 3. The use of leased vehicles, on the amount  
31 subject to tax as calculated pursuant to section  
32 423.27.

33 4. Purchases of tangible personal property made  
34 from the government of the United States or any of its  
35 agencies by ultimate consumers shall be subject to the  
36 tax imposed by this section. Services purchased from  
37 the same source or sources shall be subject to the  
38 service tax imposed by this subchapter and apply to  
39 the user of the services.

40 5. The use in this state of services enumerated in  
41 section 423.2. This tax is applicable where services  
42 are furnished in this state or where the product or  
43 result of the service is used in this state.

44 6. The excise tax is imposed upon every person  
45 using the property within this state until the tax has  
46 been paid directly to the county treasurer, the state  
47 department of transportation, a retailer, or the  
48 department. This tax is imposed on every person using  
49 the services or the product of the services in this  
50 state until the user has paid the tax either to an

**S-3408**

-83-

**S-3408**

Page 84

1 Iowa use tax permit holder or to the department.

2 7. For the purpose of the proper administration of  
3 the use tax and to prevent its evasion, evidence that  
4 tangible personal property was sold by any person for  
5 delivery in this state shall be prima facie evidence  
6 that such tangible personal property was sold for use  
7 in this state.

8 Sec. 108. NEW SECTION. 423.6 EXEMPTIONS.

9 The use in this state of the following tangible  
10 personal property and services is exempted from the  
11 tax imposed by this subchapter:

12 1. Tangible personal property and enumerated  
13 services, the sales price from the sale of which are  
14 required to be included in the measure of the sales  
15 tax, if that tax has been paid to the department or  
16 the retailer. This exemption does not include  
17 vehicles subject to registration or subject only to  
18 the issuance of a certificate of title.

19 2. The sale of tangible personal property or the  
20 furnishing of services in the regular course of  
21 business.

22 3. Property used in processing. The use of  
23 property in processing within the meaning of this  
24 subsection shall mean and include any of the  
25 following:

26 a. Any tangible personal property including  
27 containers which it is intended shall, by means of  
28 fabrication, compounding, manufacturing, or  
29 germination, become an integral part of other tangible  
30 personal property intended to be sold ultimately at  
31 retail, and containers used in the collection,  
32 recovery, or return of empty beverage containers  
33 subject to chapter 455C.

34 b. Fuel which is consumed in creating power, heat,  
35 or steam for processing or for generating electric  
36 current.

37 c. Chemicals, solvents, sorbents, or reagents,  
38 which are directly used and are consumed, dissipated,  
39 or depleted in processing tangible personal property  
40 which is intended to be sold ultimately at retail, and  
41 which may not become a component or integral part of  
42 the finished product.

43 d. The distribution to the public of free  
44 newspapers or shoppers guides shall be deemed a retail  
45 sale for purposes of the processing exemption in this  
46 subsection.

47 4. All articles of tangible personal property  
48 brought into the state of Iowa by a nonresident  
49 individual for the individual's use or enjoyment while  
50 within the state.

**S-3408**

-84-

**S-3408**

Page 85

1 5. Services exempt from taxation by the provisions  
2 of section 423.3.

3 6. Tangible personal property or services the  
4 sales price of which is exempt from the sales tax  
5 under section 423.3, except subsections 39 and 73, as  
6 it relates to the sale, but not the lease or rental,  
7 of vehicles subject to registration or subject only to  
8 the issuance of a certificate of title and as it  
9 relates to aircraft subject to registration under  
10 section 328.20.

11 7. Advertisement and promotional material and  
12 matter, seed catalogs, envelopes for same, and other  
13 similar material temporarily stored in this state  
14 which are acquired outside of Iowa and which,  
15 subsequent to being brought into this state, are sent  
16 outside of Iowa, either singly or physically attached  
17 to other tangible personal property sent outside of  
18 Iowa.

19 8. Vehicles, as defined in section 321.1,  
20 subsections 41, 64A, 71, 85, and 88, except such  
21 vehicles subject to registration which are designed  
22 primarily for carrying persons, when purchased for  
23 lease and actually leased to a lessee for use outside  
24 the state of Iowa and the subsequent sole use in Iowa  
25 is in interstate commerce or interstate  
26 transportation.

27 9. Tangible personal property which, by means of  
28 fabrication, compounding, or manufacturing, becomes an  
29 integral part of vehicles, as defined in section  
30 321.1, subsections 41, 64A, 71, 85, and 88,  
31 manufactured for lease and actually leased to a lessee  
32 for use outside the state of Iowa and the subsequent  
33 sole use in Iowa is in interstate commerce or  
34 interstate transportation. Vehicles subject to  
35 registration which are designed primarily for carrying  
36 persons are excluded from this subsection.

37 10. Vehicles subject to registration which are  
38 transferred from a business or individual conducting a  
39 business within this state as a sole proprietorship,  
40 partnership, or limited liability company to a  
41 corporation formed by the sole proprietorship,  
42 partnership, or limited liability company for the  
43 purpose of continuing the business when all of the  
44 stock of the corporation so formed is owned by the  
45 sole proprietor and the sole proprietor's spouse, by  
46 all the partners in the case of a partnership, or by  
47 all the members in the case of a limited liability  
48 company. This exemption is equally available where  
49 the vehicles subject to registration are transferred  
50 from a corporation to a sole proprietorship,

**S-3408**

-85-

**S-3408**

Page 86

1 partnership, or limited liability company formed by  
2 that corporation for the purpose of continuing the  
3 business when all of the incidents of ownership are  
4 owned by the same person or persons who were  
5 stockholders of the corporation.

6 This exemption also applies where the vehicles  
7 subject to registration are transferred from a  
8 corporation as part of the liquidation of the  
9 corporation to its stockholders if within three months  
10 of such transfer the stockholders retransfer those  
11 vehicles subject to registration to a sole  
12 proprietorship, partnership, or limited liability  
13 company for the purpose of continuing the business of  
14 the corporation when all of the incidents of ownership  
15 are owned by the same person or persons who were  
16 stockholders of the corporation.

17 10A. Vehicles subject to registration which are  
18 transferred from a corporation that is primarily  
19 engaged in the business of leasing vehicles subject to  
20 registration to a corporation that is primarily  
21 engaged in the business of leasing vehicles subject to  
22 registration when the transferor and transferee  
23 corporations are part of the same controlled group for  
24 federal income tax purposes.

25 11. Vehicles registered or operated under chapter  
26 326 and used substantially in interstate commerce,  
27 section 423.5, subsection 7, notwithstanding. For  
28 purposes of this subsection, "substantially in  
29 interstate commerce" means that a minimum of twenty-  
30 five percent of the miles operated by the vehicle  
31 accrues in states other than Iowa. This subsection  
32 applies only to vehicles which are registered for a  
33 gross weight of thirteen tons or more.

34 For purposes of this subsection, trailers and  
35 semitrailers registered or operated under chapter 326  
36 are deemed to be used substantially in interstate  
37 commerce and to be registered for a gross weight of  
38 thirteen tons or more.

39 For the purposes of this subsection, if a vehicle  
40 meets the requirement that twenty-five percent of the  
41 miles operated accrues in states other than Iowa in  
42 each year of the first four-year period of operation,  
43 the exemption from use tax shall continue until the  
44 vehicle is sold or transferred. If the vehicle is  
45 found to have not met the exemption requirements or  
46 the exemption was revoked, the value of the vehicle  
47 upon which the use tax shall be imposed is the book or  
48 market value, whichever is less, at the time the  
49 exemption requirements were not met or the exemption  
50 was revoked.

**S-3408**

-86-

**S-3408**

Page 87

1 12. Mobile homes and manufactured housing the use  
2 of which has previously been subject to the tax  
3 imposed under this subchapter and for which that tax  
4 has been paid.

5 13. Mobile homes to the extent of the portion of  
6 the purchase price of the mobile home which is not  
7 attributable to the cost of the tangible personal  
8 property used in the processing of the mobile home,  
9 and manufactured housing to the extent of the purchase  
10 price or the installed purchase price of the  
11 manufactured housing which is not attributable to the  
12 cost of the tangible personal property used in the  
13 processing of the manufactured housing. For purposes  
14 of this exemption, the portion of the purchase price  
15 which is not attributable to the cost of the tangible  
16 personal property used in the processing of the mobile  
17 home is forty percent and the portion of the purchase  
18 price or installed purchase price which is not  
19 attributable to the cost of the tangible personal  
20 property used in the processing of the manufactured  
21 housing is forty percent.

22 14. Tangible personal property used or to be used  
23 as a ship, barge, or waterborne vessel which is used  
24 or to be used primarily in or for the transportation  
25 of property or cargo for hire on the rivers bordering  
26 the state or as materials or parts of such ship,  
27 barge, or waterborne vessel.

28 15. Vehicles subject to registration in any state  
29 when purchased for rental or registered and titled by  
30 a motor vehicle dealer licensed pursuant to chapter  
31 322 for rental use, and held for rental for a period  
32 of one hundred twenty days or more and actually rented  
33 for periods of sixty days or less by a person  
34 regularly engaged in the business of renting vehicles  
35 including, but not limited to, motor vehicle dealers  
36 licensed pursuant to chapter 322 who rent automobiles  
37 to users, if the rental of the vehicles is subject to  
38 taxation under chapter 423C.

39 16. Motor vehicles subject to registration which  
40 were registered and titled between July 1, 1982, and  
41 July 1, 1992, to a motor vehicle dealer licensed under  
42 chapter 322 and which were rented to a user as defined  
43 in section 423C.2 if the following occurred:

44 a. The dealer kept the vehicle on the inventory of  
45 vehicles for sale at all times.

46 b. The vehicle was to be immediately taken from  
47 the user of the vehicle when a buyer was found.

48 c. The user was aware of this situation.

49 17. Vehicles subject to registration under chapter  
50 321, with a gross vehicle weight rating of less than

**S-3408**

**S-3408**

Page 88

1 sixteen thousand pounds, excluding motorcycles and  
2 motorized bicycles, when purchased for lease and  
3 titled by the lessor licensed pursuant to chapter 321F  
4 and actually leased for a period of twelve months or  
5 more if the lease of the vehicle is subject to  
6 taxation under section 423.27.

7 A lessor may maintain the exemption from use tax  
8 under this subsection for a qualifying lease that  
9 terminates at the conclusion or prior to the  
10 contracted expiration date, if the lessor does not use  
11 the vehicle for any purpose other than for lease.  
12 Once the vehicle is used by the lessor for a purpose  
13 other than for lease, the exemption from use tax under  
14 this subsection no longer applies and, unless there is  
15 an exemption from the use tax, use tax is due on the  
16 fair market value of the vehicle determined at the  
17 time the lessor uses the vehicle for a purpose other  
18 than for lease, payable to the department. If the  
19 lessor holds the vehicle exclusively for sale, use tax  
20 is due and payable on the purchase price of the  
21 vehicle at the time of purchase pursuant to this  
22 subchapter.

23 18. Aircraft for use in a scheduled interstate  
24 federal aviation administration certificated air  
25 carrier operation.

26 19. Aircraft; tangible personal property  
27 permanently affixed or attached as a component part of  
28 the aircraft, including but not limited to repair or  
29 replacement materials or parts; and all services used  
30 for aircraft repair, remodeling, and maintenance  
31 services when such services are performed on aircraft,  
32 aircraft engines, or aircraft component materials or  
33 parts. For the purposes of this exemption, "aircraft"  
34 means aircraft used in a scheduled interstate federal  
35 aviation administration certificated air carrier  
36 operation.

37 20. Tangible personal property permanently affixed  
38 or attached as a component part of the aircraft,  
39 including but not limited to repair or replacement  
40 materials or parts; and all services used for aircraft  
41 repair, remodeling, and maintenance services when such  
42 services are performed on aircraft, aircraft engines,  
43 or aircraft component materials or parts. For the  
44 purposes of this exemption, "aircraft" means aircraft  
45 used in a nonscheduled interstate federal aviation  
46 administration certificated air carrier operation  
47 operating under 14 C.F.R., ch. 1, pt. 135.

48 21. Aircraft sold to an aircraft dealer who in  
49 turn rents or leases the aircraft if all of the  
50 following apply:

**S-3408**

-88-

**S-3408**

Page 89

1 a. The aircraft is kept in the inventory of the  
2 dealer for sale at all times.

3 b. The dealer reserves the right to immediately  
4 take the aircraft from the renter or lessee when a  
5 buyer is found.

6 c. The renter or lessee is aware that the dealer  
7 will immediately take the aircraft when a buyer is  
8 found.

9 If an aircraft exempt under this subsection is used  
10 for any purpose other than leasing or renting, or the  
11 conditions in paragraphs "a", "b", and "c" are not  
12 continuously met, the dealer claiming the exemption  
13 under this subsection is liable for the tax that would  
14 have been due except for this subsection. The tax  
15 shall be computed upon the original purchase price.

16 22. The use in this state of building materials,  
17 supplies, or equipment, the sale or use of which is  
18 not treated as a retail sale or a sale at retail under  
19 section 423.2, subsection 1.

20 23. Exempted from the purchase price of any  
21 vehicle subject to registration is:

22 a. The amount of any cash rebate which is provided  
23 by a motor vehicle manufacturer to the purchaser of  
24 the vehicle subject to registration so long as the  
25 rebate is applied to the purchase price of the  
26 vehicle.

27 b. That in transactions, except those subject to  
28 paragraph "c", in which tangible personal property is  
29 traded toward the purchase price of other tangible  
30 personal property the purchase price is only that  
31 portion of the purchase price which is payable in  
32 money to the retailer if the following conditions are  
33 met:

34 (1) The tangible personal property traded to the  
35 retailer is the type of property normally sold in the  
36 regular course of the retailer's business.

37 (2) The tangible personal property traded to the  
38 retailer is intended by the retailer to be ultimately  
39 sold at retail or is intended to be used by the  
40 retailer or another in the remanufacturing of a like  
41 item.

42 c. In a transaction between persons, neither of  
43 which is a retailer of vehicles subject to  
44 registration, in which a vehicle subject to  
45 registration is traded toward the purchase price of  
46 another vehicle subject to registration, the amount of  
47 the trade-in value allowed on the vehicle subject to  
48 registration traded.

49 SUBCHAPTER IV  
50 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

**S-3408**

**S-3408**

Page 90

1 Sec. 109. NEW SECTION. 423.7 TITLE.

2 This subchapter shall be known and may be cited as  
3 the "Uniform Sales and Use Tax Administration Act".

4 Sec. 110. NEW SECTION. 423.8 LEGISLATIVE FINDING  
5 AND INTENT.

6 The general assembly finds that Iowa should enter  
7 into an agreement with one or more states to simplify  
8 and modernize sales and use tax administration in  
9 order to substantially reduce the burden of tax  
10 compliance for all sellers and for all types of  
11 commerce. It is the intent of the general assembly  
12 that entering into this agreement will lead to  
13 simplification and modernization of the sales and use  
14 tax law and not to the imposition of new taxes or an  
15 increase or decrease in the existing number of  
16 exemptions, unless such a result is unavoidable under  
17 the terms of the agreement.

18 Sec. 111. NEW SECTION. 423.9 AUTHORITY TO ENTER  
19 AGREEMENT AND TO REPRESENT THE STATE.

20 The director is authorized and directed to enter  
21 into the streamlined sales and use tax agreement with  
22 one or more states to simplify and modernize sales and  
23 use tax administration in order to substantially  
24 reduce the burden of tax compliance for all sellers  
25 and for all types of commerce.

26 The director is further authorized to take other  
27 actions reasonably required to implement the  
28 provisions set forth in this chapter. Other actions  
29 authorized by this section include, but are not  
30 limited to, the adoption of rules and the joint  
31 procurement, with other member states, of goods and  
32 services in furtherance of the cooperative agreement.

33 The director or the director's designee is  
34 authorized to be a member of the governing board  
35 established pursuant to the agreement and to represent  
36 Iowa before that body.

37 Sec. 112. NEW SECTION. 423.10 RELATIONSHIP TO  
38 STATE LAW.

39 Entry into the agreement by the director does not  
40 amend or modify any law of this state. Implementation  
41 of any condition of the agreement in this state,  
42 whether adopted before, at, or after membership of  
43 this state in the agreement, shall be by action of the  
44 general assembly.

45 Sec. 113. NEW SECTION. 423.11 AGREEMENT  
46 REQUIREMENTS.

47 The director shall not enter into the agreement  
48 unless the agreement requires each state to abide by  
49 the following requirements:

50 1. UNIFORM STATE RATE. The agreement must set

**S-3408**



**S-3408**

Page 91

1 restrictions to achieve more uniform state rates  
2 through the following:  
3 a. Limiting the number of state rates.  
4 b. Limiting the application of maximums on the  
5 amount of state tax that is due on a transaction.  
6 c. Limiting the application of thresholds on the  
7 application of state tax.  
8 2. UNIFORM STANDARDS. The agreement must  
9 establish uniform standards for the following:  
10 a. The sourcing of transactions to taxing  
11 jurisdictions.  
12 b. The administration of exempt sales.  
13 c. The allowances a seller can take for bad debts.  
14 d. Sales and use tax returns and remittances.  
15 3. UNIFORM DEFINITIONS. The agreement must  
16 require states to develop and adopt uniform  
17 definitions of sales and use tax terms. The  
18 definitions must enable a state to preserve its  
19 ability to make policy choices not inconsistent with  
20 the uniform definitions.  
21 4. CENTRAL REGISTRATION. The agreement must  
22 provide a central, electronic registration system that  
23 allows a seller to register to collect and remit sales  
24 and use taxes for all member states.  
25 5. NO NEXUS ATTRIBUTION. The agreement must  
26 provide that registration with the central  
27 registration system and the collection of sales and  
28 use taxes in the member states must not be used as a  
29 factor in determining whether the seller has nexus  
30 with a state for any tax.  
31 6. LOCAL SALES AND USE TAXES. The agreement must  
32 provide for reduction of the burdens of complying with  
33 local sales and use taxes through the following:  
34 a. Restricting variances between the state and  
35 local tax bases.  
36 b. Requiring states to administer any sales and  
37 use taxes levied by local jurisdictions within the  
38 state so that sellers collecting and remitting these  
39 taxes must not have to register or file returns with,  
40 remit funds to, or be subject to independent audits  
41 from local taxing jurisdictions.  
42 c. Restricting the frequency of changes in the  
43 local sales and use tax rates and setting effective  
44 dates for the application of local jurisdictional  
45 boundary changes to local sales and use taxes.  
46 d. Providing notice of changes in local sales and  
47 use tax rates and of changes in the boundaries of  
48 local taxing jurisdictions.  
49 7. MONETARY ALLOWANCES. The agreement must  
50 outline any monetary allowances that are to be

**S-3408**

-91-

**S-3408**

Page 92

1 provided by the states to sellers or certified service  
2 providers.

3 8. STATE COMPLIANCE. The agreement must require  
4 each state to certify compliance with the terms of the  
5 agreement prior to joining and to maintain compliance,  
6 under the laws of the member state, with all  
7 provisions of the agreement while a member.

8 9. CONSUMER PRIVACY. The agreement must require  
9 each state to adopt a uniform policy for certified  
10 service providers that protects the privacy of  
11 consumers and maintains the confidentiality of tax  
12 information.

13 10. ADVISORY COUNCILS. The agreement must provide  
14 for the appointment of an advisory council of private  
15 sector representatives and an advisory council of  
16 nonmember state representatives to consult with in the  
17 administration of the agreement.

18 Sec. 114. NEW SECTION. 423.12 LIMITED BINDING  
19 AND BENEFICIAL EFFECT.

20 1. The agreement binds and inures only to the  
21 benefit of Iowa and the other member states. A  
22 person, other than a member state, is not an intended  
23 beneficiary of the agreement. Any benefit to a person  
24 other than a member state is established by the law of  
25 Iowa and not by the terms of the agreement.

26 2. A person shall not have any cause of action or  
27 defense under the agreement or by virtue of this  
28 state's entry into the agreement. A person may not  
29 challenge, in any action brought under any provision  
30 of law, any action or inaction by any department,  
31 agency, or other instrumentality of this state, or any  
32 political subdivision of this state on the ground that  
33 the action or inaction is inconsistent with the  
34 agreement.

35 3. A law of this state, or the application of it,  
36 shall not be declared invalid as to any such person or  
37 circumstance on the ground that the provision or  
38 application is inconsistent with the agreement.

39 SUBCHAPTER V

40 SALES AND USE TAX ACT -- ADMINISTRATION OF  
41 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
42 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

43 Sec. 115. NEW SECTION. 423.13 PURPOSE OF THIS  
44 SUBCHAPTER.

45 The purpose of this subchapter is to provide for  
46 the administration and collection of sales or use tax  
47 on the part of retailers who are not registered under  
48 the agreement and for the collection of use tax on the  
49 part of consumers who are obligated to pay that tax  
50 directly. Any application of the sections of this

**S-3408**

**S-3408**

Page 93

1 subchapter to retailers registered under the agreement  
2 is only by way of incorporation by reference into  
3 subchapter VI of this chapter.

4 Sec. 116. NEW SECTION. 423.14 SALES AND USE TAX  
5 COLLECTION.

6 1. a. Sales tax, other than that described in  
7 paragraph "c", shall be collected by sellers who are  
8 retailers or by their agents. Sellers or their agents  
9 shall, as far as practicable, add the sales tax, or  
10 the average equivalent thereof, to the sales price or  
11 charge, less trade-ins allowed and taken and when  
12 added such tax shall constitute a part of the sales  
13 price or charge, shall be a debt from consumer or user  
14 to seller or agent until paid, and shall be  
15 recoverable at law in the same manner as other debts.

16 b. In computing the tax to be collected as the  
17 result of any transaction, the tax computation must be  
18 carried to the third decimal place. Whenever the  
19 third decimal place is greater than four, the tax must  
20 be rounded up to the next whole cent; whenever the  
21 third decimal place is four or less, the tax must be  
22 rounded downward to a whole cent. Sellers may elect  
23 to compute the tax due on transactions on an item or  
24 invoice basis. Sellers are not required to use a  
25 bracket system.

26 c. The tax imposed upon those sales of motor  
27 vehicle fuel which are subject to tax and refund under  
28 chapter 452A shall be collected by the state treasurer  
29 by way of deduction from refunds otherwise allowable  
30 under that chapter. The treasurer shall transfer the  
31 amount of such deductions from the motor vehicle fuel  
32 tax fund to the special tax fund.

33 2. Use tax shall be collected in the following  
34 manner:

35 a. The tax upon the use of all vehicles subject to  
36 registration or subject only to the issuance of a  
37 certificate of title or the tax upon the use of  
38 manufactured housing shall be collected by the county  
39 treasurer or the state department of transportation  
40 pursuant to sections 423.26 and 423.27. The county  
41 treasurer shall retain one dollar from each tax  
42 payment collected, to be credited to the county  
43 general fund.

44 b. The tax upon the use of all tangible personal  
45 property other than that enumerated in paragraph "a",  
46 which is sold by a seller who is a retailer  
47 maintaining a place of business in this state, or by  
48 such other retailer or agent as the director shall  
49 authorize pursuant to section 423.30, shall be  
50 collected by the retailer or agent and remitted to the

**S-3408**

**S-3408**

Page 94

1 department, pursuant to the provisions of paragraph  
2 "e", and sections 423.24, 423.29, 423.30, 423.32, and  
3 423.33.

4 c. The tax upon the use of all tangible personal  
5 property not paid pursuant to paragraphs "a" and "b"  
6 shall be paid to the department directly by any person  
7 using the property within this state, pursuant to the  
8 provisions of section 423.34.

9 d. The tax imposed on the use of services  
10 enumerated in section 423.5 shall be collected,  
11 remitted, and paid to the department of revenue and  
12 finance in the same manner as use tax on tangible  
13 personal property is collected, remitted, and paid  
14 under this subchapter.

15 e. All persons obligated by paragraph "a", "b", or  
16 "d", to collect use tax shall, as far as practicable,  
17 add that tax, or the average equivalent thereof, to  
18 the purchase price, less trade-ins allowed and taken,  
19 and when added the tax shall constitute a part of the  
20 purchase price. Use tax which this section requires  
21 to be collected by a retailer and any tax collected  
22 pursuant to this section by a retailer shall  
23 constitute a debt owed by the retailer to this state.  
24 Tax which must be paid directly to the department,  
25 pursuant to paragraph "c" or "d", is to be computed  
26 and added by the consumer or user to the purchase  
27 price in the same manner as this paragraph requires a  
28 seller to compute and add the tax. The tax shall be a  
29 debt from the consumer or user to the department until  
30 paid, and shall be recoverable at law in the same  
31 manner as other debts.

32 Sec. 117. NEW SECTION. 423.15 GENERAL SOURCING  
33 RULES.

34 All sellers obligated to collect Iowa sales or use  
35 tax shall use the standards set out in this section to  
36 determine where sales of products occur, excluding  
37 sales enumerated in section 423.16. These provisions  
38 apply regardless of the characterization of a product  
39 as tangible personal property, a digital good, or a  
40 service, excluding telecommunications services. This  
41 section only applies to determine a seller's  
42 obligation to pay or collect and remit a sales or use  
43 tax with respect to the seller's sale of a product.  
44 This section does not affect the obligation of a  
45 purchaser or lessee to remit tax on the use of the  
46 product to the taxing jurisdictions in which the use  
47 occurs. A seller's obligation to collect Iowa sales  
48 tax or Iowa use tax only occurs if the sale is sourced  
49 to this state. The application of whether Iowa sales  
50 tax applies to sales sourced to Iowa depends upon

**S-3408**

-94-

**S-3408**

Page 95

1 where the sale is consummated by delivery.

2 1. Sales, excluding leases or rentals other than  
3 leases or rentals set out in subsection 2, of products  
4 shall be sourced as follows.

5 a. When the product is received by the purchaser  
6 at a business location of the seller, the sale is  
7 sourced to that business location.

8 b. When the product is not received by the  
9 purchaser at a business location of the seller, the  
10 sale is sourced to the location where receipt by the  
11 purchaser or the purchaser's donee, designated as such  
12 by the purchaser, occurs, including the location  
13 indicated by instructions for delivery to the  
14 purchaser or donee, known to the seller.

15 c. When paragraphs "a" and "b" do not apply, the  
16 sale is sourced to the location indicated by an  
17 address for the purchaser that is available from the  
18 business records of the seller that are maintained in  
19 the ordinary course of the seller's business when use  
20 of this address does not constitute bad faith.

21 d. When paragraphs "a", "b", and "c" do not apply,  
22 the sale is sourced to the location indicated by an  
23 address for the purchaser obtained during the  
24 consummation of the sale, including the address of a  
25 purchaser's payment instrument, if no other address is  
26 available, when use of this address does not  
27 constitute bad faith.

28 e. When paragraphs "a", "b", "c", and "d" do not  
29 apply, including the circumstance where the seller is  
30 without sufficient information to apply the previous  
31 rules, then the location will be determined by the  
32 address from which tangible personal property was  
33 shipped, from which the digital good or the computer  
34 software delivered electronically was first available  
35 for transmission by the seller, or from which the  
36 service was provided disregarding for these purposes  
37 any location that merely provided the digital transfer  
38 of the product sold.

39 2. The lease or rental of tangible personal  
40 property, other than property identified in subsection  
41 3 or section 423.16, shall be sourced as follows:

42 a. For a lease or rental that requires recurring  
43 periodic payments, the first periodic payment is  
44 sourced the same as a retail sale in accordance with  
45 the provisions of subsection 1. Periodic payments  
46 made subsequent to the first payment are sourced to  
47 the primary property location for each period covered  
48 by the payment. The primary property location shall  
49 be as indicated by an address for the property  
50 provided by the lessee that is available to the lessor

**S-3408**

**S-3408**

Page 96

1 from its records maintained in the ordinary course of  
2 business, when use of this address does not constitute  
3 bad faith. The property location shall not be altered  
4 by intermittent use at different locations, such as  
5 use of business property that accompanies employees on  
6 business trips and service calls.

7 b. For a lease or rental that does not require  
8 recurring periodic payments, the payment is sourced  
9 the same as a retail sale in accordance with the  
10 provisions of subsection 1.

11 c. This subsection does not affect the imposition  
12 or computation of sales or use tax on leases or  
13 rentals based on a lump sum or accelerated basis, or  
14 on the acquisition of property for lease.

15 3. The retail sale, including lease or rental, of  
16 transportation equipment shall be sourced the same as  
17 a retail sale in accordance with the provisions of  
18 subsection 1, notwithstanding the exclusion of lease  
19 or rental in that subsection. "Transportation  
20 equipment" means any of the following:

21 a. Locomotives or railcars that are utilized for  
22 the carriage of persons or property in interstate  
23 commerce.

24 b. Trucks and truck-tractors with a gross vehicle  
25 weight rating of ten thousand one pounds or greater,  
26 trailers, semitrailers, or passenger buses that meet  
27 both of the following requirements:

28 (1) Are registered through the international  
29 registration plan.

30 (2) Are operated under authority of a carrier  
31 authorized and certificated by the United States  
32 department of transportation or another federal  
33 authority to engage in the carriage of persons or  
34 property in interstate commerce.

35 c. Aircraft that are operated by air carriers  
36 authorized and certificated by the United States  
37 department of transportation or another federal or a  
38 foreign authority to engage in the carriage of persons  
39 or property in interstate or foreign commerce.

40 d. Containers designed for use on and component  
41 parts attached or secured on the items set forth in  
42 paragraphs "a" through "c".

43 Sec. 118. NEW SECTION. 423.16 TRANSACTIONS TO  
44 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

45 Section 423.15 does not apply to sales or use taxes  
46 levied on the following:

47 1. The retail sale or transfer of watercraft,  
48 modular homes, manufactured housing, or mobile homes,  
49 and the retail sale, excluding lease or rental, of  
50 motor vehicles, trailers, semitrailers, or aircraft

**S-3408**

**S-3408**

Page 97

1 that do not qualify as transportation equipment, as  
2 defined in section 423.15, subsection 3.

3 2. The lease or rental of motor vehicles,  
4 trailers, semitrailers, or aircraft that do not  
5 qualify as transportation equipment, as defined in  
6 section 423.15, subsection 3, which shall be sourced  
7 in accordance with section 423.17.

8 3. Transactions to which the multiple points use  
9 exemption is applicable, which shall be sourced in  
10 accordance with section 423.18.

11 4. Transactions to which direct mail sourcing is  
12 applicable, which shall be sourced in accordance with  
13 section 423.19.

14 5. Telecommunications services, as set out in  
15 section 423.20, which shall be sourced in accordance  
16 with section 423.20, subsection 2.

17 Sec. 119. NEW SECTION. 423.17 SOURCING RULES FOR  
18 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS  
19 NOT TRANSPORTATION EQUIPMENT.

20 The lease or rental of motor vehicles, trailers,  
21 semitrailers, or aircraft that do not qualify as  
22 transportation equipment, as defined in section  
23 423.15, subsection 3, shall be sourced as follows:

24 1. For a lease or rental that requires recurring  
25 periodic payments, each periodic payment is sourced to  
26 the primary property location. The primary property  
27 location shall be as indicated by an address for the  
28 property provided by the lessee that is available to  
29 the lessor from its records maintained in the ordinary  
30 course of business, when use of this address does not  
31 constitute bad faith. This location shall not be  
32 altered by intermittent use at different locations.

33 2. For a lease or rental that does not require  
34 recurring periodic payments, the payment is sourced  
35 the same as a retail sale in accordance with the  
36 provisions of section 423.15, subsection 1.

37 3. This section does not affect the imposition or  
38 computation of sales or use tax on leases or rentals  
39 based on a lump sum or accelerated basis, or on the  
40 acquisition of property for lease.

41 Sec. 120. NEW SECTION. 423.18 MULTIPLE POINTS OF  
42 USE EXEMPTION FORMS.

43 A business purchaser that is not a holder of a  
44 direct pay tax permit pursuant to section 423.36 that  
45 knows at the time of its purchase of a digital good,  
46 computer software delivered electronically, or a  
47 service that the digital good, computer software  
48 delivered electronically, or service will be  
49 concurrently available for use in more than one  
50 jurisdiction shall deliver to the seller in

**S-3408**

-97-

**S-3408**

Page 98

1 conjunction with its purchase a "multiple points of  
2 use" or "MPU" exemption form disclosing this fact.

3 1. Upon receipt of the MPU exemption form, the  
4 seller is relieved of all obligation to collect, pay,  
5 or remit the applicable tax and the purchaser shall be  
6 obligated to collect, pay, or remit the applicable tax  
7 on a direct pay basis.

8 2. A purchaser delivering the MPU exemption form  
9 may use any reasonable, but consistent and uniform,  
10 method of apportionment that is supported by the  
11 purchaser's business records as they exist at the time  
12 of the consummation of the sale.

13 3. The MPU exemption form will remain in effect  
14 for all future sales by the seller to the purchaser  
15 except as to the subsequent sale's specific  
16 apportionment that is governed by the principle of  
17 subsection 2 and the facts existing at the time of the  
18 sale until it is revoked in writing.

19 4. A holder of a direct pay tax permit under  
20 section 423.36 shall not be required to deliver an MPU  
21 exemption form to the seller. A direct pay tax permit  
22 holder shall follow the provisions of subsection 2 in  
23 apportioning the tax due on a digital good, computer  
24 software delivered electronically, or service that  
25 will be concurrently available for use in more than  
26 one jurisdiction.

27 Sec. 121. NEW SECTION. 423.19 DIRECT MAIL  
28 SOURCING.

29 1. Notwithstanding section 423.15, a purchaser of  
30 direct mail that is not a holder of a direct pay tax  
31 permit pursuant to section 423.36 shall provide to the  
32 seller in conjunction with the purchase either a  
33 direct mail form or information to show the  
34 jurisdictions to which the direct mail is delivered to  
35 recipients.

36 a. Upon receipt of the direct mail form, the  
37 seller is relieved of all obligations to collect, pay,  
38 or remit the applicable tax and the purchaser is  
39 obligated to pay or remit the applicable tax on a  
40 direct pay basis. A direct mail form shall remain in  
41 effect for all future sales of direct mail by the  
42 seller to the purchaser until it is revoked in  
43 writing.

44 b. Upon receipt of information from the purchaser  
45 showing the jurisdictions to which the direct mail is  
46 delivered to recipients, the seller shall collect the  
47 tax according to the delivery information provided by  
48 the purchaser. In the absence of bad faith, the  
49 seller is relieved of any further obligation to  
50 collect tax on any transaction where the seller has

**S-3408**



**S-3408**

Page 99

1 collected tax pursuant to the delivery information  
2 provided by the purchaser.

3 2. If the purchaser of direct mail does not have a  
4 direct pay tax permit and does not provide the seller  
5 with either a direct mail form or delivery  
6 information, as required by subsection 1, the seller  
7 shall collect the tax according to section 423.15,  
8 subsection 1, paragraph "e". Nothing in this  
9 subsection shall limit a purchaser's obligation for  
10 sales or use tax to any state to which the direct mail  
11 is delivered.

12 3. If a purchaser of direct mail provides the  
13 seller with documentation of direct pay authority, the  
14 purchaser shall not be required to provide a direct  
15 mail form or delivery information to the seller.

16 Sec. 122. NEW SECTION. 423.20 TELECOMMUNICATIONS  
17 SERVICE SOURCING.

18 1. As used in this section:

19 a. "Air-to-ground radiotelephone service" means a  
20 radio service, as that term is used in 47 C.F.R. §  
21 22.99, in which common carriers are authorized to  
22 offer and provide radio telecommunications service for  
23 hire to subscribers in aircraft.

24 b. "Call-by-call basis" means any method of  
25 charging for the telecommunications service where the  
26 price is measured by individual calls.

27 c. "Communications channel" means a physical or  
28 virtual path of communications over which signals are  
29 transmitted between or among customer channel  
30 termination points.

31 d. "Customer" means the person or entity that  
32 contracts with the seller of the telecommunications  
33 service. If the end user of the telecommunications  
34 service is not the contracting party, the end user of  
35 the telecommunications service is the customer of the  
36 telecommunications service, but this sentence only  
37 applies for the purpose of sourcing sales of the  
38 telecommunications service under this section.

39 "Customer" does not include a reseller of a  
40 telecommunications service or for mobile  
41 telecommunications service of a serving carrier under  
42 an agreement to serve the customer outside the home  
43 service provider's licensed service area.

44 e. "Customer channel termination point" means the  
45 location where the customer either inputs or receives  
46 the communications.

47 f. "End user" means the person who utilizes the  
48 telecommunications service. In the case of an entity,  
49 "end user" means the individual who utilizes the  
50 service on behalf of the entity.

**S-3408**

-99-

**S-3408**

Page 100

- 1 g. "Home service provider" means the same as that  
2 term is defined in the federal Mobile  
3 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
4 4 U.S.C. § 124(5).
- 5 h. "Mobile telecommunications service" means the  
6 same as that term is defined in federal Mobile  
7 Telecommunications Sourcing Act, Pub. L. No. 106-252,  
8 4 U.S.C. § 124(7).
- 9 i. "Place of primary use" means the street address  
10 representative of where the customer's use of the  
11 telecommunications service primarily occurs, which  
12 must be the residential street address or the primary  
13 business street address of the customer. In the case  
14 of mobile telecommunications service, "place of  
15 primary use" must be within the licensed service area  
16 of the home service provider.
- 17 j. "Postpaid calling service" means the  
18 telecommunications service obtained by making a  
19 payment on a call-by-call basis either through the use  
20 of a credit card or payment mechanism such as a bank  
21 card, travel card, credit card, or debit card, or by  
22 charge made to a telephone number which is not  
23 associated with the origination or termination of the  
24 telecommunications service. A "postpaid calling  
25 service" includes a telecommunications service that  
26 would be a prepaid calling service except it is not  
27 exclusively a telecommunications service.
- 28 k. "Prepaid calling service" means the right to  
29 access exclusively telecommunications services, which  
30 must be paid for in advance and which enables the  
31 origination of calls using an access number or  
32 authorization code, whether manually or electronically  
33 dialed, and that is sold in predetermined units or  
34 dollars of which the amount declines with use in a  
35 known amount.
- 36 l. "Private communication service" means a  
37 telecommunications service that entitles the customer  
38 to exclusive or priority use of a communications  
39 channel or group of channels between or among  
40 termination points, regardless of the manner in which  
41 such channel or channels are connected, and includes  
42 switching capacity, extension lines, stations, and any  
43 other associated services that are provided in  
44 connection with the use of such channel or channels.
- 45 m. "Service address" means one of the following:  
46 (1) The location of the telecommunications  
47 equipment to which a customer's call is charged and  
48 from which the call originates or terminates,  
49 regardless of where the call is billed or paid.  
50 (2) If the location in subparagraph (1) is not

**S-3408**

-100-

**S-3408**

Page 101

1 known, "service address" means the origination point  
2 of the signal of the telecommunications service first  
3 identified by either the seller's telecommunications  
4 system or in information received by the seller from  
5 its service provider, where the system used to  
6 transport such signals is not that of the seller.

7 (3) If the locations in subparagraphs (1) and (2)  
8 are not known, the "service address" means the  
9 location of the customer's place of primary use.

10 2. Sales of telecommunications services shall be  
11 sourced in the following manner:

12 a. Except for the defined telecommunications  
13 services in paragraph "c", the sale of  
14 telecommunications services sold on a call-by-call  
15 basis shall be sourced to one of the following:

16 (1) Each level of taxing jurisdiction where the  
17 call originates and terminates in that jurisdiction.

18 (2) Each level of taxing jurisdiction where the  
19 call either originates or terminates and in which the  
20 service address is also located.

21 b. Except for the defined telecommunications  
22 services in paragraph "c", a sale of  
23 telecommunications services sold on a basis other than  
24 a call-by-call basis is sourced to the customer's  
25 place of primary use.

26 c. Sale of the following telecommunications  
27 services shall be sourced to each level of taxing  
28 jurisdiction as follows:

29 (1) A sale of mobile telecommunications services  
30 other than air-to-ground radiotelephone service or  
31 prepaid calling service is sourced to the customer's  
32 place of primary use as required by the federal Mobile  
33 Telecommunications Sourcing Act.

34 (2) A sale of postpaid calling service is sourced  
35 to the origination point of the telecommunications  
36 signal as first identified by either of the following:

37 (a) The seller's telecommunications system.

38 (b) Information received by the seller from its  
39 service provider, where the system used to transport  
40 such signals is not that of the seller.

41 (3) A sale of prepaid calling service is sourced  
42 in accordance with section 423.15. However, in the  
43 case of a sale of mobile telecommunications services  
44 that is a prepaid telecommunications service, the rule  
45 provided in section 423.15, subsection 1, paragraph  
46 "e", shall include as an option the location  
47 associated with the mobile telephone number.

48 (4) A sale of a private telecommunications service  
49 is sourced as follows:

50 (a) Service for a separate charge related to a

**S-3408**

-101-

**S-3408**

Page 102

1 customer channel termination point is sourced to each  
2 level of jurisdiction in which such customer channel  
3 termination point is located.

4 (b) Service where all customer termination points  
5 are located entirely within one jurisdiction or level  
6 of jurisdiction is sourced in such jurisdiction in  
7 which the customer channel termination points are  
8 located.

9 (c) Service for segments of a channel between two  
10 customer channel termination points located in  
11 different jurisdictions and which segments of a  
12 channel are separately charged is sourced fifty  
13 percent in each level of jurisdiction in which the  
14 customer channel termination points are located.

15 (d) Service for segments of a channel located in  
16 more than one jurisdiction or levels of jurisdiction  
17 and which segments are not separately billed is  
18 sourced in each jurisdiction based on the percentage  
19 determined by dividing the number of customer channel  
20 termination points in such jurisdiction by the total  
21 number of customer channel termination points.

22 Sec. 123. NEW SECTION. 423.21 BAD DEBT  
23 DEDUCTIONS.

24 1. For the purposes of this section, "bad debt"  
25 means an amount properly calculated pursuant to  
26 section 166 of the Internal Revenue Code then adjusted  
27 to exclude financing charges or interest, sales or use  
28 taxes charged on the purchase price, uncollectible  
29 amounts on property that remain in the possession of  
30 the seller until the full purchase price is paid,  
31 expenses incurred in attempting to collect any debt,  
32 and repossessed property.

33 2. In computing the amount of tax due, a seller  
34 may deduct bad debts from the total amount upon which  
35 the tax is calculated for any return. Any deduction  
36 taken or refund paid which is attributed to bad debts  
37 shall not include interest.

38 3. A seller may deduct bad debts on the return for  
39 the period during which the bad debt is written off as  
40 uncollectible in the seller's books and records and is  
41 eligible to be deducted for federal income tax  
42 purposes. For purposes of this subsection, a seller  
43 who is not required to file federal income tax returns  
44 may deduct a bad debt on a return filed for the period  
45 in which the bad debt is written off as uncollectible  
46 in the seller's books and records and would be  
47 eligible for a bad debt deduction for federal income  
48 tax purposes if the seller were required to file a  
49 federal income tax return.

50 4. If a deduction is taken for a bad debt and the

**S-3408**

**S-3408**

Page 103

1 seller subsequently collects the debt in whole or in  
2 part, the tax on the amount so collected must be paid  
3 and reported on the return filed for the period in  
4 which the collection is made.

5 5. A seller may obtain a refund of tax on any  
6 amount of bad debt that exceeds the amount of taxable  
7 sales within the period allowed for refund claims by  
8 section 423.47. However, the period allowed for  
9 refund claims shall be measured from the due date of  
10 the return on which the bad debt could first be  
11 claimed.

12 6. For the purposes of computing a bad debt  
13 deduction or reporting a payment received on a  
14 previously claimed bad debt, any payments made on a  
15 debt or account shall be applied first to the price of  
16 the property or service and tax thereon,  
17 proportionally, and secondly to interest, service  
18 charges, and any other charges.

19 Sec. 124. NEW SECTION. 423.22 TAXATION IN  
20 ANOTHER STATE.

21 If any person who causes tangible personal property  
22 to be brought into this state or who uses in this  
23 state services enumerated in section 423.2 has already  
24 paid a tax in another state in respect to the sale or  
25 use of the property or the performance of the service,  
26 or an occupation tax in respect to the property or  
27 service, in an amount less than the tax imposed by  
28 subchapter II or III, the provisions of those  
29 subchapters shall apply, but at a rate measured by the  
30 difference only between the rate fixed by subchapter  
31 II or III and the rate by which the previous tax on  
32 the sale or use, or the occupation tax, was computed.  
33 If the tax imposed and paid in the other state is  
34 equal to or more than the tax imposed by those  
35 subchapters, then a tax is not due in this state on  
36 the personal property or service.

37 Sec. 125. NEW SECTION. 423.23 SELLERS'  
38 AGREEMENTS.

39 Agreements between competing sellers, or the  
40 adoption of appropriate rules and regulations by  
41 organizations or associations of sellers to provide  
42 uniform methods for adding sales or use tax or the  
43 average equivalent thereof, and which do not involve  
44 price-fixing agreements otherwise unlawful, are  
45 expressly authorized and shall be held not in  
46 violation of chapter 553 or other antitrust laws of  
47 this state. The director shall cooperate with  
48 sellers, organizations, or associations in formulating  
49 agreements and rules.

50 Sec. 126. NEW SECTION. 423.24 ABSORBING TAX

**S-3408**

**S-3408**

Page 104

1 PROHIBITED.

2 A seller shall not advertise or hold out or state  
3 to the public or to any purchaser, consumer, or user,  
4 directly or indirectly, that the taxes or any parts  
5 thereof imposed by subchapter II or III will be  
6 assumed or absorbed by the seller or the taxes will  
7 not be added to the sales price of the property sold,  
8 or if added that the taxes or any part thereof will be  
9 refunded. Any person violating any of the provisions  
10 of this section within this state is guilty of a  
11 simple misdemeanor.

12 Sec. 127. NEW SECTION. 423.25 DIRECTOR'S POWER  
13 TO ADOPT RULES.

14 The director shall have the power to adopt rules  
15 for adding the taxes imposed by subchapters II and  
16 III, or the average equivalents thereof, by providing  
17 different methods applying uniformly to retailers  
18 within the same general classification for the purpose  
19 of enabling the retailers to add and collect, as far  
20 as practicable, the amounts of those taxes.

21 Sec. 128. NEW SECTION. 423.26 VEHICLES SUBJECT  
22 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE --  
23 MANUFACTURED HOUSING.

24 The use tax imposed upon the use of vehicles  
25 subject to registration or subject only to the  
26 issuance of a certificate of title or imposed upon the  
27 use of manufactured housing shall be paid by the owner  
28 of the vehicle or of the manufactured housing to the  
29 county treasurer or the state department of  
30 transportation from whom the registration receipt or  
31 certificate of title is obtained. A registration  
32 receipt for a vehicle subject to registration or  
33 certificate of title shall not be issued until the tax  
34 has been paid. The county treasurer or the state  
35 department of transportation shall require every  
36 applicant for a registration receipt for a vehicle  
37 subject to registration or certificate of title to  
38 supply information as the county treasurer or the  
39 director deems necessary as to the time of purchase,  
40 the purchase price, installed purchase price, and  
41 other information relative to the purchase of the  
42 vehicle or manufactured housing. On or before the  
43 tenth day of each month, the county treasurer or the  
44 state department of transportation shall remit to the  
45 department the amount of the taxes collected during  
46 the preceding month.

47 A person who willfully makes a false statement in  
48 regard to the purchase price of a vehicle subject to  
49 taxation under this section is guilty of a fraudulent  
50 practice. A person who willfully makes a false

**S-3408**

-104-

**S-3408**

Page 105

1 statement in regard to the purchase price of such a  
2 vehicle with the intent to evade the payment of tax  
3 shall be assessed a penalty of seventy-five percent of  
4 the amount of tax unpaid and required to be paid on  
5 the actual purchase price less trade-in allowance.

6 Sec. 129. NEW SECTION. 423.27 MOTOR VEHICLE  
7 LEASE TAX.

8 1. The use tax imposed upon the use of leased  
9 vehicles subject to registration under chapter 321,  
10 with gross vehicle weight ratings of less than sixteen  
11 thousand pounds, excluding motorcycles and motorized  
12 bicycles, which are leased by a lessor licensed  
13 pursuant to chapter 321F for a period of twelve months  
14 or more shall be paid by the owner of the vehicle to  
15 the county treasurer or state department of  
16 transportation from whom the registration receipt or  
17 certificate of title is obtained. A registration  
18 receipt for a vehicle subject to registration or  
19 issuance of a certificate of title shall not be issued  
20 until the tax is paid in the initial instance. Tax on  
21 the lease transaction that does not require titling or  
22 registration of the vehicle shall be remitted to the  
23 department. Tax and the reporting of tax due to the  
24 department shall be remitted on or before fifteen days  
25 from the last day of the month that the vehicle lease  
26 tax becomes due. Failure to timely report or remit  
27 any of the tax when due shall result in a penalty and  
28 interest being imposed on the tax due pursuant to  
29 section 423.40, subsection 1, and section 423.42,  
30 subsection 1.

31 2. The amount subject to tax shall be computed on  
32 each separate lease transaction by taking the total of  
33 the lease payments, plus the down payment, and  
34 excluding all of the following:

- 35 a. Title fee.
- 36 b. Registration fees.
- 37 c. Vehicle lease tax pursuant to this section.
- 38 d. Federal excise taxes attributable to the sale  
39 of the vehicle to the owner or to the lease of the  
40 vehicle by the owner.
- 41 e. Optional service or warranty contracts subject  
42 to tax pursuant to section 423.2, subsection 1.
- 43 f. Insurance.
- 44 g. Manufacturer's rebate.
- 45 h. Refundable deposit.
- 46 i. Finance charges, if any, on items listed in  
47 paragraphs "a" through "h".

48 If any or all of the items in paragraphs "a"  
49 through "i" are excluded from the taxable lease price,  
50 the owner shall maintain adequate records of the

**S-3408**

-105-

**S-3408**

Page 106

1 amounts of those items. If the parties to a lease  
2 enter into an agreement providing that the tax imposed  
3 under this statute is to be paid by the lessee or  
4 included in the monthly lease payments to be paid by  
5 the lessee, the total cost of the tax shall not be  
6 included in the computation of lease price for the  
7 purpose of taxation under this section. The county  
8 treasurer, the state department of transportation, or  
9 the department of revenue and finance shall require  
10 every applicant for a registration receipt for a  
11 vehicle subject to tax under this section to supply  
12 information as the county treasurer or director deems  
13 necessary as to the date of the lease transaction, the  
14 lease price, and other information relative to the  
15 lease of the vehicle.

16 3. On or before the tenth day of each month, the  
17 county treasurer or the state department of  
18 transportation shall remit to the department the  
19 amount of the taxes collected during the preceding  
20 month.

21 4. If the lease is terminated prior to the  
22 termination date contained in the lease agreement, no  
23 refund shall be allowed for tax previously paid under  
24 this section, except as provided in section 322G.4.

25 Sec. 130. NEW SECTION. 423.28 SALES TAX REPORT  
26 -- DEDUCTION.

27 Motor vehicle or trailer dealers, in making their  
28 reports and returns to the department for the purpose  
29 of paying the sales tax, shall be permitted to deduct  
30 all sales prices from retail sales of vehicles subject  
31 to registration or subject only to the issuance of a  
32 certificate of title. Sales prices from sales of  
33 vehicles subject to registration or subject only to  
34 the issuance of a certificate of title are exempted  
35 from the sales tax, but, if required by the director,  
36 the sales prices shall be included in the returns made  
37 by motor vehicle or trailer dealers under subchapter  
38 II, and proper deductions taken pursuant to this  
39 section.

40 Sec. 131. NEW SECTION. 423.29 COLLECTIONS BY  
41 SELLERS.

42 Every seller who is a retailer and who is making  
43 taxable sales of tangible personal property in Iowa  
44 shall, at the time of selling the property, collect  
45 the sales tax. Every seller who is a retailer  
46 maintaining a place of business in this state and  
47 selling tangible personal property for use in Iowa  
48 shall, at the time of making the sale, whether within  
49 or without the state, collect the use tax. Sellers  
50 required to collect sales or use tax shall give to any

**S-3408**

-106-



**S-3408**

Page 107

1 purchaser a receipt for the tax collected in the  
2 manner and form prescribed by the director.

3 Every seller who is a retailer furnishing taxable  
4 services in Iowa and every seller who is a retailer  
5 maintaining a place of business in this state and  
6 furnishing taxable services in Iowa or services  
7 outside Iowa if the product or result of the service  
8 is used in Iowa shall be subject to the provisions of  
9 the preceding paragraph.

10 Sec. 132. NEW SECTION. 423.30 FOREIGN SELLERS  
11 NOT REGISTERED UNDER THE AGREEMENT.

12 The director may, upon application, authorize the  
13 collection of the use tax by any seller who is a  
14 retailer not maintaining a place of business within  
15 this state and not registered under the agreement,  
16 who, to the satisfaction of the director, furnishes  
17 adequate security to ensure collection and payment of  
18 the tax. Such sellers shall be issued, without  
19 charge, permits to collect tax subject to any  
20 regulations which the director shall prescribe. When  
21 so authorized, it shall be the duty of foreign sellers  
22 to collect the tax upon all tangible personal property  
23 sold, to the retailer's knowledge, for use within this  
24 state, in the same manner and subject to the same  
25 requirements as a retailer maintaining a place of  
26 business within this state. The authority and permit  
27 may be canceled when, at any time, the director  
28 considers the security inadequate, or that tax can  
29 more effectively be collected from the person using  
30 property in this state.

31 The discretionary power granted in this section is  
32 extended to apply in the case of foreign retailers  
33 furnishing services enumerated in section 423.2.

34 Sec. 133. NEW SECTION. 423.31 FILING OF SALES  
35 TAX RETURNS AND PAYMENT OF SALES TAX.

36 1. Each person subject to this section and section  
37 423.36 and in accordance with the provisions of this  
38 section and section 423.36 shall, on or before the  
39 last day of the month following the close of each  
40 calendar quarter during which such person is or has  
41 become or ceased being subject to the provisions of  
42 this section and section 423.36, make, sign, and file  
43 a return for the calendar quarter in the form as may  
44 be required. Returns shall show information relating  
45 to sales prices including goods, wares, and services  
46 converted to the use of such person, the amounts of  
47 sales prices excluded and exempt from the tax, the  
48 amounts of sales prices subject to tax, a calculation  
49 of tax due, and any other information for the period  
50 covered by the return as may be required. Returns

**S-3408**

-107-

**S-3408**

Page 108

1 shall be signed by the retailer or the retailer's  
2 authorized agent and must be certified by the retailer  
3 to be correct in accordance with forms and rules  
4 prescribed by the director.

5 2. Persons required to file, or committed to file  
6 by reason of voluntary action or by order of the  
7 department, deposits of taxes due under this  
8 subchapter shall be entitled to take credit against  
9 the total quarterly amount of tax due such amount as  
10 shall have been deposited by such persons during that  
11 calendar quarter. The balance remaining due after  
12 such credit for deposits shall be entered on the  
13 return. However, such person may be granted an  
14 extension of time not exceeding thirty days for filing  
15 the quarterly return, upon a proper showing of  
16 necessity. If an extension is granted, such person  
17 shall have paid by the twentieth day of the month  
18 following the close of such quarter ninety percent of  
19 the estimated tax due.

20 3. The sales tax forms prescribed by the director  
21 shall be referred to as "retailers tax deposit".  
22 Deposit forms shall be signed by the retailer or the  
23 retailer's duly authorized agent, and shall be duly  
24 certified by the retailer or agent to be correct. The  
25 director may authorize incorporated banks and trust  
26 companies or other depositories authorized by law  
27 which are depositories or financial agents of the  
28 United States, or of this state, to receive any sales  
29 tax imposed under this chapter, in the manner, at the  
30 times, and under the conditions the director  
31 prescribes. The director shall prescribe the manner,  
32 times, and conditions under which the receipt of the  
33 tax by those depositories is to be treated as payment  
34 of the tax to the department.

35 4. Every retailer at the time of making any return  
36 required by this section shall compute and pay to the  
37 department the tax due for the preceding period. The  
38 tax on sales prices from the sale or rental of  
39 tangible personal property under a consumer rental  
40 purchase agreement as defined in section 537.3604,  
41 subsection 8, is payable in the tax period of receipt.

42 5. Upon making application and receiving approval  
43 from the director, a parent corporation and its  
44 affiliated corporations that make retail sales of  
45 tangible personal property or taxable enumerated  
46 services may make deposits and file a consolidated  
47 sales tax return for the affiliated group, pursuant to  
48 rules adopted by the director. A parent corporation  
49 and each affiliate corporation that files a  
50 consolidated return are jointly and severally liable

**S-3408**

-108-

**S-3408**

Page 109

1 for all tax, penalty, and interest found due for the  
2 tax period for which a consolidated return is filed or  
3 required to be filed.

4 A business required to file a consolidated sales  
5 tax return shall file a form entitled "schedule of  
6 consolidated business locations" with its quarterly  
7 sales tax return that shows the taxpayer's  
8 consolidated permit number, the permit number for each  
9 Iowa business location, the state sales tax amount by  
10 business location, and the amount of state sales tax  
11 due on goods consumed that are not assigned to a  
12 specific business location. Consolidated quarterly  
13 sales tax returns that are not accompanied by the  
14 schedule of consolidated business locations form are  
15 considered incomplete and are subject to penalty under  
16 section 421.27.

17 6. If necessary or advisable in order to insure  
18 the payment of the tax, the director may require  
19 returns and payment of the tax to be made for other  
20 than quarterly periods, the provisions of this  
21 section, or other provision to the contrary  
22 notwithstanding.

23 Sec. 134. NEW SECTION. 423.32 FILING OF USE TAX  
24 RETURNS AND PAYMENT OF USE TAX.

25 1. A retailer maintaining a place of business in  
26 this state who is required to collect or a user who is  
27 required to pay the use tax or a foreign retailer  
28 authorized, pursuant to section 423.30, to collect the  
29 use tax, shall remit to the department the amount of  
30 tax on or before the last day of the month following  
31 each calendar quarterly period. However, a retailer  
32 who collects or owes more than fifteen hundred dollars  
33 in use taxes in a month shall deposit with the  
34 department or in a depository authorized by law and  
35 designated by the director, the amount collected or  
36 owed, with a deposit form for the month as prescribed  
37 by the director.

38 a. The deposit form is due on or before the  
39 twentieth day of the month following the month of  
40 collection, except a deposit is not required for the  
41 third month of the calendar quarter, and the total  
42 quarterly amount, less the amounts deposited for the  
43 first two months of the quarter, is due with the  
44 quarterly report on the last day of the month  
45 following the month of collection. At that time, the  
46 retailer shall file with the department a return for  
47 the preceding quarterly period in the form prescribed  
48 by the director showing the purchase price of the  
49 tangible personal property sold by the retailer during  
50 the preceding quarterly period, the use of which is

**S-3408**

-109-

**S-3408**

Page 110

1 subject to the use tax imposed by this chapter, and  
2 other information the director deems necessary for the  
3 proper administration of the use tax.

4 b. The return shall be accompanied by a remittance  
5 of the use tax for the period covered by the return.  
6 If necessary in order to ensure payment to the state  
7 of the tax, the director may in any or all cases  
8 require returns and payments to be made for other than  
9 quarterly periods. The director, upon request and a  
10 proper showing of necessity, may grant an extension of  
11 time not to exceed thirty days for making any return  
12 and payment. Returns shall be signed, in accordance  
13 with forms and rules prescribed by the director, by  
14 the retailer or the retailer's authorized agent, and  
15 shall be certified by the retailer or agent to be  
16 correct.

17 2. If it is reasonably expected, as determined by  
18 rules prescribed by the director, that a retailer's  
19 annual sales or use tax liability will not exceed one  
20 hundred twenty dollars for a calendar year, the  
21 retailer may request and the director may grant  
22 permission to the retailer, in lieu of the quarterly  
23 filing and remitting requirements set out elsewhere in  
24 this section, to file the return required by and remit  
25 the sales or use tax due under this section on a  
26 calendar-year basis. The return and tax are due and  
27 payable no later than January 31 following each  
28 calendar year in which the retailer carries on  
29 business.

30 3. The director, in cooperation with the  
31 department of management, may periodically change the  
32 filing and remittance thresholds by administrative  
33 rule if in the best interests of the state and  
34 taxpayer to do so.

35 Sec. 135. NEW SECTION. 423.33 LIABILITY OF  
36 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR  
37 USE TAX.

38 1. LIABILITY OF PURCHASER FOR SALES TAX. If a  
39 purchaser fails to pay sales tax to the retailer  
40 required to collect the tax, then in addition to all  
41 of the rights, obligations, and remedies provided, the  
42 tax is payable by the purchaser directly to the  
43 department, and sections 423.31, 423.32, 423.37,  
44 423.38, 423.39, 423.40, 423.41, and 423.42 apply to  
45 the purchaser. For failure to pay, the retailer and  
46 purchaser are liable, unless the circumstances  
47 described in section 421.60, subsection 2, paragraph  
48 "m", or section 423.45, subsection 4, paragraph "b" or  
49 "e", or subsection 5, paragraph "c" or "e", are  
50 applicable.

**S-3408**

-110-

**S-3408**

Page 111

1 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE  
2 TAX. If a retailer sells the retailer's business or  
3 stock of goods or quits the business, the retailer  
4 shall prepare a final return and pay all sales or use  
5 tax due within the time required by law. The  
6 immediate successor to the retailer, if any, shall  
7 withhold a sufficient portion of the purchase price,  
8 in money or money's worth, to pay the amount of  
9 delinquent tax, interest, or penalty due and unpaid.  
10 If the immediate successor of the business or stock of  
11 goods intentionally fails to withhold the amount due  
12 from the purchase price as provided in this  
13 subsection, the immediate successor is personally  
14 liable for the payment of delinquent taxes, interest,  
15 and penalty accrued and unpaid on account of the  
16 operation of the business by the immediate former  
17 retailer, except when the purchase is made in good  
18 faith as provided in section 421.28. However, a  
19 person foreclosing on a valid security interest or  
20 retaking possession of premises under a valid lease is  
21 not an "immediate successor" for purposes of this  
22 section. The department may waive the liability of  
23 the immediate successor under this subsection if the  
24 immediate successor exercised good faith in  
25 establishing the amount of the previous liability.

26 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A  
27 person sponsoring a flea market or a craft, antique,  
28 coin, or stamp show or similar event shall obtain from  
29 every retailer selling tangible personal property or  
30 taxable services at the event proof that the retailer  
31 possesses a valid sales tax permit or secure from the  
32 retailer a statement, taken in good faith, that  
33 property or services offered for sale are not subject  
34 to sales tax. Failure to do so renders a sponsor of  
35 the event liable for payment of any sales tax,  
36 interest, and penalty due and owing from any retailer  
37 selling property or services at the event. Sections  
38 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
39 423.41, and 423.42 apply to the sponsors. For  
40 purposes of this subsection, a person sponsoring a  
41 flea market or a craft, antique, coin, or stamp show  
42 or similar event does not include an organization  
43 which sponsors an event less than three times a year  
44 or a state, county, or district agricultural fair.

45 Sec. 136. NEW SECTION. 423.34 LIABILITY OF USER.

46 Any person who uses any property or services  
47 enumerated in section 423.2 upon which the use tax has  
48 not been paid, either to the county treasurer or to a  
49 retailer or direct to the department as required by  
50 this subchapter, shall be liable for the payment of

**S-3408**

-111-

**S-3408**

Page 112

1 tax, and shall on or before the last day of the month  
2 next succeeding each quarterly period pay the use tax  
3 upon all property or services used by the person  
4 during the preceding quarterly period in the manner  
5 and accompanied by such returns as the director shall  
6 prescribe. All of the provisions of sections 423.32  
7 and 423.33 with reference to the returns and payments  
8 shall be applicable to the returns and payments  
9 required by this section.

10 Sec. 137. NEW SECTION. 423.35 POSTING OF BOND TO  
11 SECURE PAYMENT.

12 The director may, when necessary and advisable in  
13 order to secure the collection of the sales or use  
14 tax, authorize any person subject to either tax, and  
15 any retailer required or authorized to collect those  
16 taxes pursuant to the provisions of section 423.14, to  
17 file with the department a bond, issued by a surety  
18 company authorized to transact business in this state  
19 and approved by the insurance commissioner as to  
20 solvency and responsibility, in an amount as the  
21 director may fix, to secure the payment of any tax,  
22 interest, or penalties due or which may become due  
23 from such person. In lieu of a bond, securities  
24 approved by the director, in an amount which the  
25 director may prescribe, may be deposited with the  
26 department, which securities shall be kept in the  
27 custody of the department and may be sold by the  
28 director at public or private sale, without notice to  
29 the depositor, if it becomes necessary to do so in  
30 order to recover any tax, interest, or penalties due.  
31 Upon the sale, the surplus, if any, above the amounts  
32 due under this chapter shall be returned to the person  
33 who deposited the securities.

34 Sec. 138. NEW SECTION. 423.36 PERMITS REQUIRED  
35 TO COLLECT SALES OR USE TAX -- APPLICATIONS --  
36 REVOCATION.

37 1. A person shall not engage in or transact  
38 business as a retailer making taxable sales of  
39 tangible personal property or furnishing services  
40 within this state or as a retailer making taxable  
41 sales of tangible personal property or furnishing  
42 services for use within this state, unless a permit  
43 has been issued to the retailer under this section,  
44 except as provided in subsection 6. Every person  
45 desiring to engage in or transact business as a  
46 retailer shall file with the department an application  
47 for a permit to collect sales or use tax. Every  
48 application for a sales or use tax permit shall be  
49 made upon a form prescribed by the director and shall  
50 set forth any information the director may require.

**S-3408**

-112-

**S-3408**

Page 113

1 The application shall be signed by an owner of the  
2 business if a natural person; in the case of a  
3 retailer which is an association or partnership, by a  
4 member or partner; and in the case of a retailer which  
5 is a corporation, by an executive officer or some  
6 person specifically authorized by the corporation to  
7 sign the application, to which shall be attached the  
8 written evidence of the person's authority.

9 2. To collect sales or use tax, the applicant must  
10 have a permit for each place of business in the state  
11 of Iowa. The department may deny a permit to an  
12 applicant who is substantially delinquent in paying a  
13 tax due, or the interest or penalty on the tax,  
14 administered by the department at the time of  
15 application. If the applicant is a partnership, a  
16 permit may be denied if a partner is substantially  
17 delinquent in paying any delinquent tax, penalty, or  
18 interest. If the applicant is a corporation, a permit  
19 may be denied if any officer having a substantial  
20 legal or equitable interest in the ownership of the  
21 corporation owes any delinquent tax, penalty, or  
22 interest.

23 3. The department shall grant and issue to each  
24 applicant a permit for each place of business in this  
25 state where sales or use tax is collected. A permit  
26 is not assignable and is valid only for the person in  
27 whose name it is issued and for the transaction of  
28 business at the place designated or at a place of  
29 relocation within the state if the ownership remains  
30 the same.

31 If an applicant is making sales outside Iowa for  
32 use in this state or furnishing services outside Iowa,  
33 the product or result of which will be used in this  
34 state, that applicant shall be issued one use tax  
35 permit by the department applicable to these out-of-  
36 state sales or services.

37 4. Permits issued under this section are valid and  
38 effective until revoked by the department.

39 5. If the holder of a permit fails to comply with  
40 any of the provisions of this subchapter or of  
41 subchapter II or III or any order or rule of the  
42 department adopted under those subchapters or is  
43 substantially delinquent in the payment of a tax  
44 administered by the department or the interest or  
45 penalty on the tax, or if the person is a corporation  
46 and if any officer having a substantial legal or  
47 equitable interest in the ownership of the corporation  
48 owes any delinquent tax of the permit-holding  
49 corporation, or interest or penalty on the tax,  
50 administered by the department, the director may

**S-3408**

-113-

**S-3408**

Page 114

1 revoke the permit. The director shall send notice by  
2 mail to a permit holder informing that person of the  
3 director's intent to revoke the permit and of the  
4 permit holder's right to a hearing on the matter. If  
5 the permit holder petitions the director for a hearing  
6 on the proposed revocation, after giving ten days'  
7 notice of the time and place of the hearing in  
8 accordance with section 17A.18, subsection 3, the  
9 matter may be heard and a decision rendered. The  
10 director may restore permits after revocation. The  
11 director shall adopt rules setting forth the period of  
12 time a retailer must wait before a permit may be  
13 restored or a new permit may be issued. The waiting  
14 period shall not exceed ninety days from the date of  
15 the revocation of the permit.

16 6. Sellers who are not regularly engaged in  
17 selling at retail and do not have a permanent place of  
18 business, but who are temporarily engaged in selling  
19 from trucks, portable roadside stands, concessionaires  
20 at state, county, district, or local fairs, carnivals,  
21 or the like, shall report and remit the sales tax on a  
22 temporary basis, under rules the director shall  
23 provide for the efficient collection of the sales tax.  
24 This subsection applies to sellers who are temporarily  
25 engaged in furnishing services.

26 Persons engaged in selling tangible personal  
27 property or furnishing services shall not be required  
28 to obtain or retain a sales tax permit for a place of  
29 business at which taxable sales of tangible personal  
30 property or taxable performance of services will not  
31 occur.

32 7. The provisions of subsection 1, dealing with  
33 the lawful right of a retailer to transact business,  
34 as applicable, apply to persons having receipts from  
35 furnishing services enumerated in section 423.2,  
36 except that a person holding a permit pursuant to  
37 subsection 1 shall not be required to obtain any  
38 separate sales tax permit for the purpose of engaging  
39 in business involving the services.

40 8. a. Except as provided in paragraph "b",  
41 purchasers, users, and consumers of tangible personal  
42 property or enumerated services taxed pursuant to  
43 subchapter II or III of this chapter or chapters 423B  
44 and 423E may be authorized, pursuant to rules adopted  
45 by the director, to remit tax owed directly to the  
46 department instead of the tax being collected and paid  
47 by the seller. To qualify for a direct pay tax  
48 permit, the purchaser, user, or consumer must accrue a  
49 tax liability of more than four thousand dollars in  
50 tax under subchapters II and III in a semimonthly

**S-3408**



**S-3408**

Page 115

1 period and make deposits and file returns pursuant to  
2 section 423.31. This authority shall not be granted  
3 or exercised except upon application to the director  
4 and then only after issuance by the director of a  
5 direct pay tax permit.

6 b. The granting of a direct pay tax permit is not  
7 authorized for any of the following:

8 (1) Taxes imposed on the sales, furnishing, or  
9 service of gas, electricity, water, heat, pay  
10 television service, and communication service.  
11 (2) Taxes imposed under sections 423.26 and 423.27  
12 and chapter 423C.

13 Sec. 139. NEW SECTION. 423.37 FAILURE TO FILE  
14 SALES OR USE TAX RETURNS -- INCORRECT RETURNS.

15 1. As soon as practicable after a return is filed  
16 and in any event within three years after the return  
17 is filed, the department shall examine it, assess and  
18 determine the tax due if the return is found to be  
19 incorrect, and give notice to the person liable for  
20 the tax of the assessment and determination as  
21 provided in subsection 2. The period for the  
22 examination and determination of the correct amount of  
23 tax is unlimited in the case of a false or fraudulent  
24 return made with the intent to evade tax or in the  
25 case of a failure to file a return.

26 2. If a return required by this subchapter is not  
27 filed, or if a return when filed is incorrect or  
28 insufficient and the maker fails to file a corrected  
29 or sufficient return within twenty days after the same  
30 is required by notice from the department, the  
31 department shall determine the amount of tax due from  
32 information as the department may be able to obtain  
33 and, if necessary, may estimate the tax on the basis  
34 of external indices, such as number of employees of  
35 the person concerned, rentals paid by the person,  
36 stock on hand, or other factors. The department shall  
37 give notice of the determination to the person liable  
38 for the tax. The determination shall fix the tax  
39 unless the person against whom it is assessed shall,  
40 within sixty days after the giving of notice of the  
41 determination, apply to the director for a hearing or  
42 unless the taxpayer contests the determination by  
43 paying the tax, interest, and penalty and timely  
44 filing a claim for refund. At the hearing evidence  
45 may be offered to support the determination or to  
46 prove that it is incorrect. After the hearing the  
47 director shall give notice of the decision to the  
48 person liable for the tax.

49 3. The three-year period of limitation provided in  
50 subsection 1 may be extended by a taxpayer by signing

**S-3408**

**S-3408**

Page 116

1 a waiver agreement form to be provided by the  
2 department. The agreement shall stipulate the period  
3 of extension and the tax period to which the extension  
4 applies. The agreement shall also provide that a  
5 claim for refund may be filed by the taxpayer at any  
6 time during the period of extension.

7 Sec. 140. NEW SECTION. 423.38 JUDICIAL REVIEW.

8 1. Judicial review of actions of the director may  
9 be sought in accordance with the terms of the Iowa  
10 administrative procedure Act.

11 2. For cause and upon a showing by the director  
12 that collection of the tax in dispute is in doubt, the  
13 court may order the petitioner to file with the clerk  
14 a bond for the use of the respondent, with sureties  
15 approved by the clerk, in the amount of tax appealed  
16 from, conditioned that the petitioner shall perform  
17 the orders of the court.

18 3. An appeal may be taken by the taxpayer or the  
19 director to the supreme court of this state  
20 irrespective of the amount involved.

21 Sec. 141. NEW SECTION. 423.39 SERVICE OF  
22 NOTICES.

23 1. A notice authorized or required under this  
24 subchapter may be given by mailing the notice to the  
25 person for whom it is intended, addressed to that  
26 person at the address given in the last return filed  
27 by the person pursuant to this subchapter, or if no  
28 return has been filed, then to any address obtainable.  
29 The mailing of the notice is presumptive evidence of  
30 the receipt of the notice by the person to whom  
31 addressed. Any period of time which is determined  
32 according to this subchapter by the giving of notice  
33 commences to run from the date of mailing of the  
34 notice.

35 2. The provisions of the Code relative to the  
36 limitation of time for the enforcement of a civil  
37 remedy shall not apply to any proceeding or action  
38 taken to levy, appraise, assess, determine, or enforce  
39 the collection of any tax or penalty provided by this  
40 chapter.

41 Sec. 142. NEW SECTION. 423.40 PENALTIES --  
42 OFFENSES -- LIMITATION.

43 1. In addition to the sales or use tax or  
44 additional sales or use tax, the taxpayer shall pay a  
45 penalty as provided in section 421.27. The taxpayer  
46 shall also pay interest on the sales or use tax or  
47 additional sales or use tax at the rate in effect  
48 under section 421.7 for each month counting each  
49 fraction of a month as an entire month, computed from  
50 the date the semimonthly or monthly tax deposit form

**S-3408**

-116-

**S-3408**

Page 117

1 or return was required to be filed. The penalty and  
2 interest shall be paid to the department and disposed  
3 of in the same manner as other receipts under this  
4 subchapter. Unpaid penalties and interest may be  
5 enforced in the same manner as the taxes imposed by  
6 this chapter.

7 2. a. Any person who knowingly sells tangible  
8 personal property, tickets or admissions to places of  
9 amusement and athletic events, or gas, water,  
10 electricity, or communication service at retail, or  
11 engages in the furnishing of services enumerated in  
12 section 423.2, in this state without procuring a  
13 permit to collect tax, as provided in section 423.36,  
14 or who violates section 423.24 and the officers of any  
15 corporation who so act are guilty of a serious  
16 misdemeanor.

17 b. A person who knowingly sells tangible personal  
18 property, tickets or admissions to places of amusement  
19 and athletic events, or gas, water, electricity, or  
20 communication service at retail, or engages in the  
21 furnishing of services enumerated in section 423.2, in  
22 this state after the person's sales tax permit has  
23 been revoked and before it has been restored as  
24 provided in section 423.36, subsection 5, and the  
25 officers of any corporation who so act are guilty of  
26 an aggravated misdemeanor.

27 3. A person who willfully attempts in any manner  
28 to evade any tax imposed by this chapter or the  
29 payment of the tax or a person who makes or causes to  
30 be made a false or fraudulent semimonthly or monthly  
31 tax deposit form or return with intent to evade any  
32 tax imposed by subchapter II or III or the payment of  
33 the tax is guilty of a class "D" felony.

34 4. The certificate of the director to the effect  
35 that a tax has not been paid, that a return has not  
36 been filed, or that information has not been supplied  
37 pursuant to the provisions of this subchapter shall be  
38 prima facie evidence thereof.

39 5. A person required to pay sales or use tax, or  
40 to make, sign, or file a tax deposit form or return or  
41 supplemental return, who willfully makes a false or  
42 fraudulent tax deposit form or return, or willfully  
43 fails to pay at least ninety percent of the tax or  
44 willfully fails to make, sign, or file the tax deposit  
45 form or return, at the time required by law, is guilty  
46 of a fraudulent practice.

47 6. A prosecution for an offense specified in this  
48 section shall be commenced within six years after its  
49 commission.

50 Sec. 143. NEW SECTION. 423.41 BOOKS --

**S-3408**

-117-

**S-3408**

Page 118

1 EXAMINATION.

2 Every retailer required or authorized to collect  
3 taxes imposed by this chapter and every person using  
4 in this state tangible personal property, services, or  
5 the product of services shall keep records, receipts,  
6 invoices, and other pertinent papers as the director  
7 shall require, in the form that the director shall  
8 require, for as long as the director has the authority  
9 to examine and determine tax due. The director or any  
10 duly authorized agent of the department may examine  
11 the books, papers, records, and equipment of any  
12 person either selling tangible personal property or  
13 services or liable for the tax imposed by this  
14 chapter, and investigate the character of the business  
15 of any person in order to verify the accuracy of any  
16 return made, or if a return was not made by the  
17 person, ascertain and determine the amount due under  
18 this chapter. These books, papers, and records shall  
19 be made available within this state for examination  
20 upon reasonable notice when the director deems it  
21 advisable and so orders. The preceding requirements  
22 shall likewise apply to users and persons furnishing  
23 services enumerated in section 423.2.

24 Sec. 144. NEW SECTION. 423.42 STATUTES

25 APPLICABLE.

26 1. The director shall administer the taxes imposed  
27 by subchapters II and III in the same manner and  
28 subject to all the provisions of, and all of the  
29 powers, duties, authority, and restrictions contained  
30 in, section 422.25, subsection 4, section 422.30, and  
31 sections 422.67 through 422.75.

32 2. All the provisions of section 422.26 shall  
33 apply in respect to the taxes and penalties imposed by  
34 subchapters II and III and this subchapter, except  
35 that, as applied to any tax imposed by subchapters II  
36 and III, the lien provided in section 422.26 shall be  
37 prior and paramount over all subsequent liens upon any  
38 personal property within this state, or right to such  
39 personal property, belonging to the taxpayer without  
40 the necessity of recording as provided in section  
41 422.26. The requirements for recording shall, as  
42 applied to the taxes imposed by subchapters II and  
43 III, apply only to the liens upon real property. When  
44 requested to do so by any person from whom a taxpayer  
45 is seeking credit, or with whom the taxpayer is  
46 negotiating the sale of any personal property, or by  
47 any other person having a legitimate interest in such  
48 information, the director shall, upon being satisfied  
49 that such a situation exists, inform that person as to  
50 the amount of unpaid taxes due by such taxpayer under

**S-3408**

-118-

**S-3408**

Page 119

1 the provisions of subchapters II and III. The giving  
2 of this information under these circumstances shall  
3 not be deemed a violation of section 422.72 as applied  
4 to subchapters II and III.

5 Sec. 145. NEW SECTION. 423.43 DEPOSIT OF REVENUE  
6 -- APPROPRIATIONS.

7 Except as otherwise provided in section 312.2,  
8 subsection 15, all revenues derived from the use tax  
9 on motor vehicles, trailers, and motor vehicle  
10 accessories and equipment as collected pursuant to  
11 sections 423.26 and 423.27 shall be deposited and  
12 credited to the road use tax fund and shall be used  
13 exclusively for the construction, maintenance, and  
14 supervision of public highways.

15 1. Notwithstanding any provision of this section  
16 which provides that all revenues derived from the use  
17 tax on motor vehicles, trailers, and motor vehicle  
18 accessories and equipment as collected pursuant to  
19 sections 423.26 and 423.27 shall be deposited and  
20 credited to the road use tax fund, eighty percent of  
21 the revenues shall be deposited and credited as  
22 follows:

23 a. Twenty-five percent of all such revenue, up to  
24 a maximum of four million two hundred fifty thousand  
25 dollars per quarter, shall be deposited into and  
26 credited to the Iowa comprehensive petroleum  
27 underground storage tank fund created in section  
28 455G.3, and the moneys so deposited are a continuing  
29 appropriation for expenditure under chapter 455G, and  
30 moneys so appropriated shall not be used for other  
31 purposes.

32 b. Any such revenues remaining shall be credited  
33 to the road use tax fund.

34 2. Notwithstanding any other provision of this  
35 section that provides that all revenue derived from  
36 the use tax on motor vehicles, trailers, and motor  
37 vehicle accessories and equipment as collected  
38 pursuant to section 423.26 shall be deposited and  
39 credited to the road use tax fund, twenty percent of  
40 the revenues shall be credited and deposited as  
41 follows: one-half to the road use tax fund and one-  
42 half to the primary road fund to be used for the  
43 commercial and industrial highway network.

44 3. All other revenue arising under the operation  
45 of this chapter shall be credited to the general fund  
46 of the state.

47 Sec. 146. NEW SECTION. 423.44 REIMBURSEMENT FOR  
48 PRIMARY ROAD FUND.

49 From moneys deposited into the road use tax fund,  
50 the department may credit to the primary road fund any

**S-3408**

-119-

**S-3408**

Page 120

1 amount of revenues derived from the use tax on motor  
2 vehicles, trailers, and motor vehicle accessories and  
3 equipment as collected pursuant to sections 423.26 and  
4 423.27 to the extent necessary to reimburse that fund  
5 for the expenditures not otherwise eligible to be made  
6 from the primary road fund, which are made for  
7 repairing, improving, and maintaining bridges over the  
8 rivers bordering the state. Expenditures for those  
9 portions of bridges within adjacent states may be  
10 included when they are made pursuant to an agreement  
11 entered into under section 313.63, 313A.34, or 314.10.

12 Sec. 147. NEW SECTION. 423.45 REFUNDS --  
13 EXEMPTION CERTIFICATES.

14 1. If an amount of tax represented by a retailer  
15 to a consumer or user as constituting tax due is  
16 computed upon a sales price that is not taxable or the  
17 amount represented is in excess of the actual taxable  
18 amount and the amount represented is actually paid by  
19 the consumer or user to the retailer, the excess  
20 amount of tax paid shall be returned to the consumer  
21 or user upon notification to the retailer by the  
22 department that an excess payment exists.

23 2. If an amount of tax represented by a retailer  
24 to a consumer or user as constituting tax due is  
25 computed upon a sales price that is not taxable or the  
26 amount represented is in excess of the actual taxable  
27 amount and the amount represented is actually paid by  
28 the consumer or user to the retailer, the excess  
29 amount of tax paid shall be returned to the consumer  
30 or user upon proper notification to the retailer by  
31 the consumer or user that an excess payment exists.  
32 "Proper" notification is written notification which  
33 allows a retailer at least sixty days to respond and  
34 which contains enough information to allow a retailer  
35 to determine the validity of a consumer's or user's  
36 claim that an excess amount of tax has been paid. No  
37 cause of action shall accrue against a retailer for  
38 excess tax paid until sixty days after proper notice  
39 has been given the retailer by the consumer or user.

40 3. In the circumstances described in subsections 1  
41 and 2, a retailer has the option to either return any  
42 excess amount of tax paid to a consumer or user, or to  
43 remit the amount which a consumer or user has paid to  
44 the retailer to the department.

45 4. a. The department shall issue or the seller  
46 may separately provide exemption certificates in the  
47 form prescribed by the director, including  
48 certificates not made of paper, which conform to the  
49 requirements of paragraph "c", to assist retailers in  
50 properly accounting for nontaxable sales of tangible

**S-3408**

**S-3408**

Page 121

1 personal property or services to purchasers for a  
2 nontaxable purpose. The department shall also allow  
3 the use of exemption certificates for those  
4 circumstances in which a sale is taxable but the  
5 seller is not obligated to collect tax from the buyer.

6 b. The sales tax liability for all sales of  
7 tangible personal property and all sales of services  
8 is upon the seller and the purchaser unless the seller  
9 takes in good faith from the purchaser a valid  
10 exemption certificate stating under penalty of perjury  
11 that the purchase is for a nontaxable purpose and is  
12 not a retail sale as defined in section 423.1, or the  
13 seller is not obligated to collect tax due, or unless  
14 the seller takes a fuel exemption certificate pursuant  
15 to subsection 5. If the tangible personal property or  
16 services are purchased tax free pursuant to a valid  
17 exemption certificate which is taken in good faith by  
18 the seller, and the tangible personal property or  
19 services are used or disposed of by the purchaser in a  
20 nonexempt manner, the purchaser is solely liable for  
21 the taxes and shall remit the taxes directly to the  
22 department and sections 423.31, 423.32, 423.37,  
23 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
24 to the purchaser.

25 c. A valid exemption certificate is an exemption  
26 certificate which is complete and correct according to  
27 the requirements of the director.

28 d. A valid exemption certificate is taken in good  
29 faith by the seller when the seller has exercised that  
30 caution and diligence which honest persons of ordinary  
31 prudence would exercise in handling their own business  
32 affairs, and includes an honesty of intention and  
33 freedom from knowledge of circumstances which ought to  
34 put one upon inquiry as to the facts. In order for a  
35 seller to take a valid exemption certificate in good  
36 faith, the seller must exercise reasonable prudence to  
37 determine the facts supporting the valid exemption  
38 certificate, and if any facts upon such certificate  
39 would lead a reasonable person to further inquiry,  
40 such inquiry must be made with an honest intent to  
41 discover the facts.

42 e. If the circumstances change and as a result the  
43 tangible personal property or services are used or  
44 disposed of by the purchaser in a nonexempt manner or  
45 the purchaser becomes obligated to pay the tax, the  
46 purchaser is liable solely for the taxes and shall  
47 remit the taxes directly to the department in  
48 accordance with this subsection.

49 5. a. The department shall issue or the seller  
50 may separately provide fuel exemption certificates in

**S-3408**

**S-3408**

Page 122

1 the form prescribed by the director.

2 b. For purposes of this subsection:

3 (1) "Fuel" includes gas, electricity, water, heat,  
4 steam, and any other tangible personal property  
5 consumed in creating heat, power, or steam.

6 (2) "Fuel consumed in processing" means fuel used  
7 or consumed for processing including grain drying, for  
8 providing heat or cooling for livestock buildings or  
9 for greenhouses or buildings or parts of buildings  
10 dedicated to the production of flowering, ornamental,  
11 or vegetable plants intended for sale in the ordinary  
12 course of business, for use in aquaculture production,  
13 or for generating electric current, or in implements  
14 of husbandry engaged in agricultural production.

15 (3) "Fuel exemption certificate" means an  
16 exemption certificate given by the purchaser under  
17 penalty of perjury to assist retailers in properly  
18 accounting for nontaxable sales of fuel consumed in  
19 processing.

20 (4) "Substantial change" means a change in the use  
21 or disposition of tangible personal property and  
22 services by the purchaser such that the purchaser pays  
23 less than ninety percent of the purchaser's actual  
24 sales tax liability. A change includes a misstatement  
25 of facts in an application made pursuant to paragraph  
26 "d" or in a fuel exemption certificate.

27 c. The seller may accept a completed fuel  
28 exemption certificate, as prepared by the purchaser,  
29 for three years unless the purchaser files a new  
30 completed exemption certificate. If the fuel is  
31 purchased tax free pursuant to a fuel exemption  
32 certificate which is taken by the seller, and the fuel  
33 is used or disposed of by the purchaser in a nonexempt  
34 manner, the purchaser is solely liable for the taxes,  
35 and shall remit the taxes directly to the department  
36 and sections 423.31, 423.32, 423.37, 423.38, 423.39,  
37 423.40, 423.41, and 423.42 shall apply to the  
38 purchaser.

39 d. The purchaser may apply to the department for  
40 its review of the fuel exemption certificate. In this  
41 event, the department shall review the fuel exemption  
42 certificate within twelve months from the date of  
43 application and determine the correct amount of the  
44 exemption. If the amount determined by the department  
45 is different than the amount that the purchaser claims  
46 is exempt, the department shall promptly notify the  
47 purchaser of the determination. Failure of the  
48 department to make a determination within twelve  
49 months from the date of application shall constitute a  
50 determination that the fuel exemption certificate is

**S-3408**

-122-



**S-3408**

Page 123

1 correct as submitted. A determination of exemption by  
2 the department is final unless the purchaser appeals  
3 to the director for a revision of the determination  
4 within sixty days after the date of the notice of  
5 determination. The director shall grant a hearing,  
6 and upon the hearing, the director shall determine the  
7 correct exemption and notify the purchaser of the  
8 decision by mail. The decision of the director is  
9 final unless the purchaser seeks judicial review of  
10 the director's decision under section 423.38 within  
11 sixty days after the date of the notice of the  
12 director's decision. Unless there is a substantial  
13 change, the department shall not impose penalties  
14 pursuant to section 423.40 both retroactively to  
15 purchases made after the date of application and  
16 prospectively until the department gives notice to the  
17 purchaser that a tax or additional tax is due, for  
18 failure to remit any tax due which is in excess of a  
19 determination made under this section. A  
20 determination made by the department pursuant to this  
21 subsection does not constitute an audit for purposes  
22 of section 423.37.

23 e. If the circumstances change and the fuel is  
24 used or disposed of by the purchaser in a nonexempt  
25 manner, the purchaser is solely liable for the taxes  
26 and shall remit the taxes directly to the department  
27 in accordance with paragraph "c".

28 f. The purchaser shall attach documentation to the  
29 fuel exemption certificate which is reasonably  
30 necessary to support the exemption for fuel consumed  
31 in processing. If the purchaser files a new exemption  
32 certificate with the seller, documentation shall not  
33 be required if the purchaser previously furnished the  
34 seller with this documentation and substantial change  
35 has not occurred since that documentation was  
36 furnished or if fuel consumed in processing is  
37 separately metered and billed by the seller.

38 6. Nothing in this section authorizes any cause of  
39 action by any person to recover sales or use taxes  
40 directly from the state or extends any person's time  
41 to seek a refund of sales or use taxes which have been  
42 collected and remitted to the state.

43 Sec. 148. NEW SECTION. 423.46 RATE AND BASE  
44 CHANGES.

45 The department shall make a reasonable effort to  
46 provide sellers with as much advance notice as  
47 practicable of a rate change and to notify sellers of  
48 legislative changes in the tax base and amendments to  
49 sales and use tax rules. Failure of a seller to  
50 receive notice or failure of this state to provide

**S-3408**

-123-

**S-3408**

Page 124

1 notice or limit the effective date of a rate change  
2 shall not relieve the seller of its obligation to  
3 collect sales or use taxes for this state.

4 Sec. 149. NEW SECTION. 423.47 REFUNDS AND  
5 CREDITS.

6 If it shall appear that, as a result of mistake, an  
7 amount of tax, penalty, or interest has been paid  
8 which was not due under the provisions of this  
9 chapter, such amount shall be credited against any tax  
10 due, or to become due, on the books of the department  
11 from the person who made the erroneous payment, or  
12 such amount shall be refunded to such person by the  
13 department. A claim for refund or credit that has not  
14 been filed with the department within three years  
15 after the tax payment for which a refund or credit is  
16 claimed became due, or one year after such tax payment  
17 was made, whichever time is the later, shall not be  
18 allowed by the director.

19 SUBCHAPTER VI

20 SALES AND USE TAX ACT -- ADMINISTRATION OF  
21 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
22 AGREEMENT

23 Sec. 150. NEW SECTION. 423.48 RESPONSIBILITIES  
24 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

25 1. By registering under the agreement, the seller  
26 agrees to collect and remit sales and use taxes for  
27 all its taxable Iowa sales. Iowa's withdrawal from  
28 the agreement or revocation of its membership in the  
29 agreement shall not relieve a seller from its  
30 responsibility to remit taxes previously collected on  
31 behalf of this state.

32 2. The following provisions apply to any seller  
33 who registers under the agreement:

34 a. The seller may register on-line.

35 b. Registration under the agreement and the  
36 collection of Iowa sales and use taxes shall not be  
37 used as factors in determining whether the seller has  
38 nexus with Iowa for any tax.

39 c. If registered under the agreement with any  
40 other member state, the seller is considered to be  
41 registered in Iowa.

42 d. The seller is not required to pay registration  
43 fees or other charges.

44 e. A written signature from the seller is not  
45 required.

46 f. The seller may register by way of an agent.  
47 The agent's appointment shall be in writing and  
48 submitted to the department if requested by the  
49 department.

50 g. The seller may cancel its registration at any

**S-3408**

**S-3408**

Page 125

1 time under procedures adopted by the governing board  
2 established pursuant to the agreement. Cancellation  
3 does not relieve the seller of its liability for  
4 remitting any Iowa taxes collected.

5 3. The following additional responsibilities and  
6 rights apply to model sellers:

7 a. A model 1 seller's obligation to calculate,  
8 collect, and remit sales and use taxes shall be  
9 performed by its certified service provider, except  
10 for the seller's obligation to remit tax on its own  
11 purchases. As the seller's agent, the certified  
12 service provider is liable for its model 1 seller's  
13 sales and use tax due Iowa on all sales transactions  
14 it processes for the seller except as set out in this  
15 section. A seller that contracts with a certified  
16 service provider is not liable to the state for sales  
17 or use tax due on transactions processed by the  
18 certified service provider unless the seller  
19 misrepresents the types of items or services it sells  
20 or commits fraud. In the absence of probable cause to  
21 believe that the seller has committed fraud or made a  
22 material misrepresentation, the seller is not subject  
23 to audit on the transactions processed by the  
24 certified service provider. A model 1 seller is  
25 subject to audit for transactions not processed by the  
26 certified service provider. The director is  
27 authorized to perform a system check of the model 1  
28 seller and review the seller's procedures to determine  
29 if the certified service provider's system is  
30 functioning properly and the extent to which the  
31 seller's transactions are being processed by the  
32 certified service provider.

33 b. A model 2 seller shall calculate the amount of  
34 tax due on a transaction by the use of a certified  
35 automated system, but shall collect and remit tax on  
36 its own sales. A person that provides a certified  
37 automated system is responsible for the proper  
38 functioning of that system and is liable to this state  
39 for underpayments of tax attributable to errors in the  
40 functioning of the certified automated system. A  
41 seller that uses a certified automated system remains  
42 responsible and is liable to the state for reporting  
43 and remitting tax.

44 c. A model 3 seller shall use its own proprietary  
45 automated system to calculate tax due and collect and  
46 remit tax on its own sales. A model 3 seller is  
47 liable for the failure of its proprietary automated  
48 system to meet the applicable performance standard.

49 Sec. 151. NEW SECTION. 423.49 RETURNS.

50 1. All model 1, 2, or 3 sellers are subject to all

**S-3408**

-125-

**S-3408**

Page 126

1 of the following return requirements:

2 a. The seller is required to file only one return  
3 per month for this state and for all taxing  
4 jurisdictions within this state.

5 b. The date for filing returns shall be determined  
6 under rules adopted by the director. However, in no  
7 case shall the return be due earlier than the  
8 twentieth day of the following month.

9 c. The director shall request additional  
10 information returns. These returns shall not be  
11 required more frequently than every six months.

12 2. Any registered seller which does not have a  
13 legal obligation to register in this state and is not  
14 a model 1, 2, or 3 seller is subject to all of the  
15 following return requirements:

16 a. The seller is required to file a return within  
17 one year of the month of initial registration and  
18 shall file a return on an annual basis in succeeding  
19 years.

20 b. In addition to the return required in paragraph  
21 "a", if the seller accumulates more than one thousand  
22 dollars in total state and local tax, the seller is  
23 required to file a return in the following month.

24 c. The format of the return and the due date of  
25 the initial return and the annual return shall be  
26 determined under rules adopted by the department.

27 Sec. 152. NEW SECTION. 423.50 REMITTANCE OF  
28 FUNDS.

29 1. Only one remittance of tax per return is  
30 required except as provided in this subsection.  
31 Sellers that collect more than thirty thousand dollars  
32 in sales and use taxes for this state during the  
33 preceding calendar year shall be required to make  
34 additional remittances as required under rules adopted  
35 by the director. The filing of a return is not  
36 required with an additional remittance.

37 2. All remittances shall be remitted  
38 electronically.

39 3. Electronic payments may be made either by  
40 automated clearinghouse credit or automated  
41 clearinghouse debit. Any data accompanying a  
42 remittance must be formatted using uniform tax type  
43 and payment codes approved by the governing board  
44 established pursuant to the agreement. An alternative  
45 method for making same-day payments shall be  
46 determined under rules adopted by the director.

47 4. If a due date falls on a legal banking holiday  
48 in this state, the taxes are due on the succeeding  
49 business day.

50 Sec. 153. NEW SECTION. 423.51 ADMINISTRATION OF

**S-3408**

-126-

**S-3408**

Page 127

1 EXEMPTIONS.

2 1. The following provisions shall apply when a  
3 purchaser claims an exemption:

4 a. The seller shall obtain identifying information  
5 of the purchaser and the reason for claiming a tax  
6 exemption at the time of the purchase as determined by  
7 the member states acting jointly.

8 b. A purchaser is not required to provide a  
9 signature to claim an exemption from tax unless a  
10 paper certificate is used.

11 c. The seller shall use the standard form for  
12 claiming an exemption electronically as adopted  
13 jointly by the member states.

14 d. The seller shall obtain the same information  
15 for proof of a claimed exemption regardless of the  
16 medium in which the transaction occurred.

17 e. The department may authorize a system wherein  
18 the purchaser exempt from the payment of the tax is  
19 issued an identification number which shall be  
20 presented to the seller at the time of the sale.

21 f. The seller shall maintain proper records of  
22 exempt transactions and provide them to the department  
23 when requested.

24 g. The department shall administer entity-based  
25 and use-based exemptions when practicable through a  
26 direct pay tax permit, an exemption certificate, or  
27 another means that does not burden sellers. For the  
28 purposes of this paragraph:

29 (1) An "entity-based exemption" is an exemption  
30 based on who purchases the product or who sells the  
31 product.

32 (2) A "use-based exemption" is an exemption based  
33 on the purchaser's use of the product.

34 2. Sellers that follow the requirements of this  
35 section are relieved from any tax otherwise applicable  
36 if it is determined that the purchaser improperly  
37 claimed an exemption and that the purchaser is liable  
38 for the nonpayment of tax. This relief from liability  
39 does not apply to a seller who fraudulently fails to  
40 collect the tax or solicits purchasers to participate  
41 in the unlawful claim of an exemption.

42 Sec. 154. NEW SECTION. 423.52 RELIEF FROM  
43 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

44 Sellers and certified service providers are  
45 relieved from liability to this state or its local  
46 taxing jurisdictions for having charged and collected  
47 the incorrect amount of sales or use tax resulting  
48 from the seller or certified service provider relying  
49 on erroneous data provided by this state on tax rates,  
50 boundaries, or taxing jurisdiction assignments. If

**S-3408**

-127-

**S-3408**

Page 128

1 this state provides an address-based system for  
2 assigning taxing jurisdictions whether or not pursuant  
3 to the federal Mobile Telecommunications Sourcing Act,  
4 the director is not required to provide liability  
5 relief for errors resulting from reliance on the  
6 information provided by this state.

7 Sec. 155. NEW SECTION. 423.53 BAD DEBTS AND  
8 MODEL 1 SELLERS.

9 A certified service provider may claim, on behalf  
10 of a model 1 seller, any bad debt deduction as  
11 provided in section 423.21. The certified service  
12 provider must credit or refund the full amount of any  
13 bad debt deduction or refund received to the seller.

14 Sec. 156. NEW SECTION. 423.54 AMNESTY FOR  
15 REGISTERED SELLERS.

16 1. Subject to the limitations in subsections 2  
17 through 6, the following provisions apply:

18 a. Amnesty is provided for uncollected or unpaid  
19 sales or use tax to a seller who registers to pay or  
20 to collect and remit applicable sales or use tax on  
21 sales made to purchasers in this state in accordance  
22 with the terms of the agreement, provided the seller  
23 was not so registered in this state in the twelve-  
24 month period preceding the commencement of Iowa's  
25 participation in the agreement.

26 b. Amnesty precludes assessment of the seller for  
27 uncollected or unpaid sales or use tax together with  
28 penalty or interest for sales made during the period  
29 the seller was not registered in this state, provided  
30 registration occurs within twelve months of the  
31 commencement of Iowa's participation in the agreement.

32 c. Amnesty shall be provided to any seller  
33 lawfully registered under the agreement by any other  
34 member state prior to the date of the commencement of  
35 Iowa's participation in the agreement.

36 2. Amnesty is not available to a seller with  
37 respect to any matter or matters for which the seller  
38 received notice of the commencement of an audit and  
39 which audit is not yet finally resolved, including any  
40 related administrative and judicial processes.

41 3. Amnesty is not available for sales or use taxes  
42 already paid or remitted or to taxes collected by the  
43 seller.

44 4. Amnesty is fully effective absent the seller's  
45 fraud or intentional misrepresentation of a material  
46 fact as long as the seller continues registration and  
47 continues payment or collection and remittance of  
48 applicable sales or use taxes for a period of at least  
49 thirty-six months. The statute of limitations  
50 applicable to asserting a tax liability is tolled

**S-3408**

-128-

**S-3408**

Page 129

1 during this thirty-six month period.

2 5. Amnesty is applicable only to sales or use  
3 taxes due from a seller in its capacity as a seller  
4 and not to sales or use taxes due from a seller in its  
5 capacity as a buyer.

6 6. The director may allow amnesty on terms and  
7 conditions more favorable to a seller than the terms  
8 required by this section.

9 Sec. 157. NEW SECTION. 423.55 DATABASES.

10 The department shall provide and maintain databases  
11 required by the agreement for the benefit of sellers  
12 registered under the agreement.

13 Sec. 158. NEW SECTION. 423.56 CONFIDENTIALITY  
14 AND PRIVACY PROTECTIONS UNDER MODEL 1.

15 1. As used in this section:

16 a. "Anonymous data" means information that does  
17 not identify a person.

18 b. "Confidential taxpayer information" means all  
19 information that is protected under this state's laws,  
20 rules, and privileges.

21 c. "Personally identifiable information" means  
22 information that identifies a person.

23 2. With very limited exceptions, a certified  
24 service provider shall perform its tax calculation,  
25 remittance, and reporting functions without retaining  
26 the personally identifiable information of consumers.

27 3. A certified service provider may perform its  
28 services in this state only if the certified service  
29 provider certifies that:

30 a. Its system has been designed and tested to  
31 ensure that the fundamental precept of anonymity is  
32 respected.

33 b. Personally identifiable information is only  
34 used and retained to the extent necessary for the  
35 administration of model 1 sellers with respect to  
36 exempt purchasers.

37 c. It provides consumers clear and conspicuous  
38 notice of its information practices, including what  
39 information it collects, how it collects the  
40 information, how it uses the information, how long, if  
41 at all, it retains the information, and whether it  
42 discloses the information to member states. This  
43 notice shall be satisfied by a written privacy policy  
44 statement accessible by the public on the official web  
45 site of the certified service provider.

46 d. Its collection, use, and retention of  
47 personally identifiable information is limited to that  
48 required by the member states to ensure the validity  
49 of exemptions from taxation that are claimed by reason  
50 of a consumer's status or the intended use of the

**S-3408**

-129-

**S-3408**

Page 130

1 goods or services purchased.

2 e. It provides adequate technical, physical, and  
3 administrative safeguards so as to protect personally  
4 identifiable information from unauthorized access and  
5 disclosure.

6 4. The department shall provide public  
7 notification of its practices relating to the  
8 collection, use, and retention of personally  
9 identifiable information.

10 5. When any personally identifiable information  
11 that has been collected and retained by the department  
12 or certified service provider is no longer required  
13 for the purposes set forth in subsection 3, paragraph  
14 "d", that information shall no longer be retained by  
15 the department or certified service provider.

16 6. When personally identifiable information  
17 regarding an individual is retained by or on behalf of  
18 this state, this state shall provide reasonable access  
19 by such individual to his or her own information in  
20 the state's possession and a right to correct any  
21 inaccurately recorded information.

22 7. This privacy policy is subject to enforcement  
23 by the department and the attorney general.

24 8. This state's laws and rules regarding the  
25 collection, use, and maintenance of confidential  
26 taxpayer information remain fully applicable and  
27 binding. Without limitation, the agreement does not  
28 enlarge or limit the state's or department's authority  
29 to:

30 a. Conduct audits or other review as provided  
31 under the agreement and state law.

32 b. Provide records pursuant to its examination of  
33 public records law, disclosure laws of individual  
34 governmental agencies, or other regulations.

35 c. Prevent, consistent with state law, disclosures  
36 of confidential taxpayer information.

37 d. Prevent, consistent with federal law,  
38 disclosures or misuse of federal return information  
39 obtained under a disclosure agreement with the  
40 internal revenue service.

41 e. Collect, disclose, disseminate, or otherwise  
42 use anonymous data for governmental purposes.

43 9. This privacy policy does not preclude the  
44 certification of a certified service provider whose  
45 privacy policy is more protective of confidential  
46 taxpayer information or personally identifiable  
47 information than is required by the agreement.

48 Sec. 159. NEW SECTION. 423.57 STATUTES  
49 APPLICABLE.

50 The director shall administer this subchapter as it

**S-3408**



**S-3408**

Page 131

1 relates to the taxes imposed in this chapter in the  
2 same manner and subject to all the provisions of, and  
3 all of the powers, duties, authority, and restrictions  
4 contained in sections 423.14, 423.15, 423.16, 423.17,  
5 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
6 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
7 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
8 423.40, 423.41, and 423.42, section 423.43, subsection  
9 3, and sections 423.45, 423.46, and 423.47.

10 Sec. 160.

11 1. Sections 422.42 through 422.59, Code 2003, are  
12 repealed.

13 2. Chapter 423, Code 2003, is repealed.

14 COORDINATING AMENDMENTS

15 Sec. 161. Section 15.331A, Code 2003, is amended  
16 to read as follows:

17 15.331A SALES, SERVICES, AND USE TAX REFUND --  
18 CONTRACTOR OR SUBCONTRACTOR.

19 The eligible business or a supporting business  
20 shall be entitled to a refund of the sales and use  
21 taxes paid under ~~chapters 422 and chapter~~ 423 for gas,  
22 electricity, water, or sewer utility services, goods,  
23 wares, or merchandise, or on services rendered,  
24 furnished, or performed to or for a contractor or  
25 subcontractor and used in the fulfillment of a written  
26 contract relating to the construction or equipping of  
27 a facility within the economic development area of the  
28 eligible business or a supporting business. Taxes  
29 attributable to intangible property and furniture and  
30 furnishings shall not be refunded.

31 To receive the refund a claim shall be filed by the  
32 eligible business or a supporting business with the  
33 department of revenue and finance as follows:

34 1. The contractor or subcontractor shall state  
35 under oath, on forms provided by the department, the  
36 amount of the sales of goods, wares, or merchandise or  
37 services rendered, furnished, or performed including  
38 water, sewer, gas, and electric utility services for  
39 use in the economic development area upon which sales  
40 or use tax has been paid prior to the project  
41 completion, and shall file the forms with the eligible  
42 business or supporting business before final  
43 settlement is made.

44 2. The eligible business or a supporting business  
45 shall, not more than one year after project  
46 completion, make application to the department for any  
47 refund of the amount of the sales and use taxes paid  
48 pursuant to chapter ~~422 or~~ 423 upon any goods, wares,  
49 or merchandise, or services rendered, furnished, or  
50 performed, including water, sewer, gas, and electric

**S-3408**

**S-3408**

Page 132

1 utility services. The application shall be made in  
2 the manner and upon forms to be provided by the  
3 department, and the department shall audit the claim  
4 and, if approved, issue a warrant to the eligible  
5 business or supporting business in the amount of the  
6 sales or use tax which has been paid to the state of  
7 Iowa under a contract. A claim filed by the eligible  
8 business or a supporting business in accordance with  
9 this section shall not be denied by reason of a  
10 limitation provision set forth in chapter ~~421, 422,~~ or  
11 423.

12 3. A contractor or subcontractor who willfully  
13 makes a false report of tax paid under the provisions  
14 of this section is guilty of a simple misdemeanor and  
15 in addition is liable for the payment of the tax and  
16 any applicable penalty and interest.

17 Sec. 162. Section 15.334A, Code 2003, is amended  
18 to read as follows:

19 15.334A SALES AND USE TAX EXEMPTION.

20 An eligible business may claim an exemption from  
21 sales and use taxation under section ~~422.45~~ 423.3,  
22 subsection ~~27~~ 46, for property which is exempt from  
23 taxation under section 15.334, notwithstanding the  
24 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
25 46, or any other provision of the Code to the  
26 contrary.

27 Sec. 163. Section 15A.9, subsections 5, 6, and 7,  
28 Code 2003, are amended to read as follows:

29 5. PROPERTY TAX EXEMPTION.

30 a. All property, as defined in section 427A.1,  
31 subsection 1, paragraphs "e" and "j", Code 1993, used  
32 by the primary business or a supporting business and  
33 located within the zone, shall be exempt from property  
34 taxation for a period of twenty years beginning with  
35 the year it is first assessed for taxation. In order  
36 to be eligible for this exemption, the property shall  
37 be acquired or leased by the primary business or a  
38 supporting business or relocated by the primary  
39 business or a supporting business to the zone from  
40 outside the state prior to project completion.

41 b. Property which is exempt for property tax  
42 purposes under this subsection is eligible for the  
43 sales and use tax exemption under section ~~422.45~~  
44 423.3, subsection ~~27~~ 46, notwithstanding that  
45 subsection or any other provision of the Code to the  
46 contrary.

47 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
48 paid pursuant to chapter ~~422 or~~ 423 on the ~~gross~~  
49 ~~receipts~~ sales price or rental price of property  
50 purchased or rented by the primary business or a

**S-3408**

-132-

**S-3408**

Page 133

1 supporting business for use by the primary business or  
2 a supporting business within the zone or on gas,  
3 electricity, water, and sewer utility services prior  
4 to project completion shall be refunded to the primary  
5 business or supporting business if the item was  
6 purchased or the service was performed or received  
7 prior to project completion. Claims under this  
8 section shall be submitted on forms provided by the  
9 department of revenue and finance not later than six  
10 months after project completion. The refund in this  
11 subsection shall not apply to furniture or  
12 furnishings, or intangible property.

13 7. SALES, SERVICES, AND USE TAX REFUND --  
14 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
15 a supporting business shall be entitled to a refund of  
16 the sales and use taxes paid under ~~chapters 422 and~~  
17 chapter 423 for gas, electricity, water, or sewer  
18 utility services, goods, wares, or merchandise, or on  
19 services rendered, furnished, or performed to or for a  
20 contractor or subcontractor and used in the  
21 fulfillment of a written contract relating to the  
22 construction or equipping of a facility within the  
23 zone of the primary business or a supporting business.  
24 Taxes attributable to intangible property and  
25 furniture and furnishings shall not be refunded.

26 To receive the refund a claim shall be filed by the  
27 primary business or a supporting business with the  
28 department of revenue and finance as follows:

29 a. The contractor or subcontractor shall state  
30 under oath, on forms provided by the department, the  
31 amount of the sales of goods, wares, or merchandise or  
32 services rendered, furnished, or performed including  
33 water, sewer, gas, and electric utility services for  
34 use in the zone upon which sales or use tax has been  
35 paid prior to the project completion, and shall file  
36 the forms with the primary business or supporting  
37 business before final settlement is made.

38 b. The primary business or a supporting business  
39 shall, not more than six months after project  
40 completion, make application to the department for any  
41 refund of the amount of the sales and use taxes paid  
42 pursuant to ~~chapter 422 or~~ 423 upon any goods, wares,  
43 or merchandise, or services rendered, furnished, or  
44 performed, including water, sewer, gas, and electric  
45 utility services. The application shall be made in  
46 the manner and upon forms to be provided by the  
47 department, and the department shall audit the claim  
48 and, if approved, issue a warrant to the primary  
49 business or supporting business in the amount of the  
50 sales or use tax which has been paid to the state of

**S-3408**

-133-

**S-3408**

Page 134

1 Iowa under a contract. A claim filed by the primary  
2 business or a supporting business in accordance with  
3 this subsection shall not be denied by reason of a  
4 limitation provision set forth in chapter 421, 422, or  
5 423.

6 c. A contractor or subcontractor who willfully  
7 makes a false report of tax paid under the provisions  
8 of this subsection is guilty of a simple misdemeanor  
9 and in addition is liable for the payment of the tax  
10 and any applicable penalty and interest.

11 Sec. 164. Section 28A.17, unnumbered paragraph 1,  
12 Code 2003, is amended to read as follows:

13 If an authority is established as provided in  
14 section 28A.6 and after approval of a referendum by a  
15 simple majority of votes cast in each metropolitan  
16 area in favor of the sales and services tax, the  
17 governing board of a county in this state within a  
18 metropolitan area which is part of the authority shall  
19 impose, at the request of the authority, a local sales  
20 and services tax at the rate of one-fourth of one  
21 percent on ~~gross receipts~~ the sales price taxed by  
22 this state under ~~chapter 422, division IV section~~  
23 423.2, within the metropolitan area located in this  
24 state. The referendum shall be called by resolution  
25 of the board and shall be held as provided in section  
26 28A.6 to the extent applicable. The ballot  
27 proposition shall contain a statement as to the  
28 specific purpose or purposes for which the revenues  
29 shall be expended and the date of expiration of the  
30 tax. The local sales and services tax shall be  
31 imposed on the same basis, with the same exceptions,  
32 and following the same administrative procedures as  
33 provided for a county under sections 422B.8 and  
34 422B.9. The amount of the sale, for the purposes of  
35 determining the amount of the local sales and services  
36 tax under this section, does not include the amount of  
37 any local sales and services tax imposed under  
38 sections 422B.8 and 422B.9.

39 Sec. 165. Section 29C.15, Code 2003, is amended to  
40 read as follows:

41 29C.15 TAX-EXEMPT PURCHASES.

42 All purchases under the provisions of this chapter  
43 shall be exempt from the taxes imposed by sections  
44 ~~422.43~~ 423.2 and ~~423.2~~ 423.5.

45 Sec. 166. Section 99E.10, subsection 1, paragraph  
46 b, Code 2003, is amended to read as follows:

47 b. An amount equal to the product of the state  
48 sales tax rate under section ~~422.43~~ 423.2 multiplied  
49 by the gross sales price of each ticket or share sold  
50 shall be deducted as the sales tax on the sale of that

**S-3408**

-134-

**S-3408**

Page 135

1 ticket or share, remitted to the treasurer of state  
2 and deposited into the state general fund.

3 Sec. 167. Section 123.187, subsection 2, Code  
4 2003, is amended to read as follows:

5 2. A winery licensed or permitted pursuant to laws  
6 regulating alcoholic beverages in a state which  
7 affords this state an equal reciprocal shipping  
8 privilege may ship into this state by private common  
9 carrier, to a person twenty-one years of age or older,  
10 not more than eighteen liters of wine per month, for  
11 consumption or use by the person. Such wine shall not  
12 be resold. Shipment of wine pursuant to this  
13 subsection is not subject to sales tax under section  
14 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or  
15 the wine gallonage tax under section 123.183, and does  
16 not require a refund value for beverage container  
17 control purposes under chapter 455C.

18 Sec. 168. Section 262.54, Code 2003, is amended to  
19 read as follows:

20 262.54 COMPUTER SALES.

21 Sales, by an institution under the control of the  
22 board of regents, of computer equipment, computer  
23 software, and computer supplies to students and  
24 faculty at the institution are retail sales under  
25 chapter ~~422, division IV~~ 423.

26 Sec. 169. Section 303.9, subsection 2, Code 2003,  
27 is amended to read as follows:

28 2. The department may sell mementos and other  
29 items relating to Iowa history and historic sites on  
30 the premises of property under control of the  
31 department and at the state capitol. Notwithstanding  
32 sections 18.12 and 18.16, the department may directly  
33 and independently enter into rental and lease  
34 agreements with private vendors for the purpose of  
35 selling mementos. All fees and income produced by the  
36 sales and rental or lease agreements shall be credited  
37 to the account of the department. The mementos and  
38 other items sold by the department or vendors under  
39 this subsection are exempt from section 18.6. ~~The~~  
40 ~~department is not a retailer under chapter 422 and the~~  
41 ~~sale of such mementos and other items by the~~  
42 ~~department is not a retail sale under chapter 422 and~~  
43 ~~is exempt from the sales tax.~~

44 Sec. 170. Section 312.1, subsection 4, Code 2003,  
45 is amended to read as follows:

46 4. To the extent provided in section ~~423.24~~  
47 ~~423.43~~, subsection 1, paragraph "b", from revenue  
48 derived from the use tax, under chapter 423 on motor  
49 vehicles, trailers, and motor vehicle accessories and  
50 equipment.

**S-3408**

-135-

**S-3408**

Page 136

1 Sec. 171. Section 312.2, subsections 14 and 16,  
2 Code 2003, are amended to read as follows:

3 14. The treasurer of state, before making the  
4 allotments provided for in this section, shall credit  
5 monthly from the road use tax fund to the general fund  
6 of the state from revenue credited to the road use tax  
7 fund under section ~~423.24~~ 423.43, subsection 1,  
8 paragraph "b", an amount equal to one-twentieth of  
9 eighty percent of the revenue from the operation of  
10 section ~~423.7~~ 423.26.

11 There is appropriated from the general fund of the  
12 state for each fiscal year to the state department of  
13 transportation the amount of revenues credited to the  
14 general fund of the state during the fiscal year under  
15 this subsection to be used for purposes of public  
16 transit assistance under chapter 324A.

17 16. The treasurer of state, before making the  
18 allotments provided for in this section, shall credit  
19 monthly from the road use tax fund to the motorcycle  
20 rider education fund established in section 321.180B,  
21 an amount equal to one dollar per year of license  
22 validity for each issued or renewed driver's license  
23 which is valid for the operation of a motorcycle.  
24 Moneys credited to the motorcycle rider education fund  
25 under this subsection shall be taken from moneys  
26 credited to the road use tax fund under section ~~423.24~~  
27 423.43.

28 Sec. 172. Section 321.20, subsection 5, Code 2003,  
29 is amended to read as follows:

30 5. The amount of tax to be paid under section  
31 ~~423.7~~ 423.26.

32 Sec. 173. Section 321.24, subsections 1 and 3,  
33 Code 2003, are amended to read as follows:

34 1. Upon receipt of the application for title and  
35 payment of the required fees for a motor vehicle,  
36 trailer, or semitrailer, the county treasurer or the  
37 department shall, when satisfied as to the  
38 application's genuineness and regularity, and, in the  
39 case of a mobile home or manufactured home, that taxes  
40 are not owing under chapter 435, issue a certificate  
41 of title and, except for a mobile home or manufactured  
42 home, a registration receipt, and shall file the  
43 application, the manufacturer's or importer's  
44 certificate, the certificate of title, or other  
45 evidence of ownership, as prescribed by the  
46 department. The registration receipt shall be  
47 delivered to the owner and shall contain upon its face  
48 the date issued, the name and address of the owner,  
49 the registration number assigned to the vehicle, the  
50 amount of the fee paid, the amount of tax paid

**S-3408**

-136-

**S-3408**

Page 137

1 pursuant to section ~~423.7~~ 423.26, the type of fuel  
2 used, and a description of the vehicle as determined  
3 by the department, and upon the reverse side a form  
4 for notice of transfer of the vehicle. The name and  
5 address of any lessee of the vehicle shall not be  
6 printed on the registration receipt or certificate of  
7 title. Up to three owners may be listed on the  
8 registration receipt and certificate of title.

9 3. The certificate of title shall contain upon its  
10 face the identical information required upon the face  
11 of the registration receipt. In addition, the  
12 certificate of title shall contain a statement of the  
13 owner's title, the title number assigned to the owner  
14 or owners of the vehicle, the amount of tax paid  
15 pursuant to section ~~423.7~~ 423.26, the name and address  
16 of the previous owner, and a statement of all security  
17 interests and encumbrances as shown in the  
18 application, upon the vehicle described, including the  
19 nature of the security interest, date of notation, and  
20 name and address of the secured party.

21 Sec. 174. Section 321.34, subsection 7, paragraph  
22 c, Code 2003, is amended to read as follows:

23 c. The fees for a collegiate registration plate  
24 are as follows:

25 (1) A registration fee of twenty-five dollars.

26 (2) A special collegiate registration fee of  
27 twenty-five dollars.

28 These fees are in addition to the regular annual  
29 registration fee. The fees collected by the director  
30 under this subsection shall be paid monthly to the  
31 treasurer of state and credited by the treasurer of  
32 state to the road use tax fund. Notwithstanding  
33 section ~~423.24~~ 423.43 and prior to the revenues being  
34 credited to the road use tax fund under section ~~423.24~~  
35 423.43, subsection 1, paragraph "b", the treasurer of  
36 state shall credit monthly from those revenues  
37 respectively, to Iowa state university of science and  
38 technology, the university of northern Iowa, and the  
39 state university of Iowa, the amount of the special  
40 collegiate registration fees collected in the previous  
41 month for collegiate registration plates designed for  
42 the university. The moneys credited are appropriated  
43 to the respective universities to be used for  
44 scholarships for students attending the universities.

45 Sec. 175. Section 321.34, subsection 11, paragraph  
46 c, Code 2003, is amended to read as follows:

47 c. The special natural resources fee for letter  
48 number designated natural resources plates is thirty-  
49 five dollars. The fee for personalized natural  
50 resources plates is forty-five dollars which shall be

**S-3408**

**S-3408**

Page 138

1 paid in addition to the special natural resources fee  
2 of thirty-five dollars. The fees collected by the  
3 director under this subsection shall be paid monthly  
4 to the treasurer of state and credited to the road use  
5 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
6 prior to the crediting of revenues to the road use tax  
7 fund under section ~~423.24~~ 423.43, subsection 1,  
8 paragraph "b", the treasurer of state shall credit  
9 monthly from those revenues to the Iowa resources  
10 enhancement and protection fund created pursuant to  
11 section 455A.18, the amount of the special natural  
12 resources fees collected in the previous month for the  
13 natural resources plates.

14 Sec. 176. Section 321.34, subsection 11A,  
15 paragraph c, Code 2003, is amended to read as follows:

16 c. The special fee for letter number designated  
17 love our kids plates is thirty-five dollars. The fee  
18 for personalized love our kids plates is twenty-five  
19 dollars, which shall be paid in addition to the  
20 special love our kids fee of thirty-five dollars. The  
21 fees collected by the director under this subsection  
22 shall be paid monthly to the treasurer of state and  
23 credited to the road use tax fund. Notwithstanding  
24 section ~~423.24~~ 423.43, and prior to the crediting of  
25 revenues to the road use tax fund under section ~~423.24~~  
26 423.43, subsection 1, paragraph "b", the treasurer of  
27 state shall transfer monthly from those revenues to  
28 the Iowa department of public health the amount of the  
29 special fees collected in the previous month for the  
30 love our kids plates. Notwithstanding section 8.33,  
31 moneys transferred under this subsection shall not  
32 revert to the general fund of the state.

33 Sec. 177. Section 321.34, subsection 11B,  
34 paragraph c, Code 2003, is amended to read as follows:

35 c. The special fee for letter number designated  
36 motorcycle rider education plates is thirty-five  
37 dollars. The fee for personalized motorcycle rider  
38 education plates is twenty-five dollars, which shall  
39 be paid in addition to the special motorcycle rider  
40 education fee of thirty-five dollars. The fees  
41 collected by the director under this subsection shall  
42 be paid monthly to the treasurer of state and credited  
43 to the road use tax fund. Notwithstanding section  
44 ~~423.24~~ 423.43, and prior to the crediting of revenues  
45 to the road use tax fund under section ~~423.24~~ 423.43,  
46 subsection 1, paragraph "b", the treasurer of state  
47 shall transfer monthly from those revenues to the  
48 department for use in accordance with section  
49 321.180B, subsection 6, the amount of the special fees  
50 collected in the previous month for the motorcycle

**S-3408**

-138-



**S-3408**

Page 139

1 rider education plates.

2 Sec. 178. Section 321.34, subsection 13, paragraph  
3 d, Code 2003, is amended to read as follows:

4 d. A state agency may submit a request to the  
5 department recommending a special registration plate.  
6 The alternate fee for letter number designated plates  
7 is thirty-five dollars with a ten dollar annual  
8 special renewal fee. The fee for personalized plates  
9 is twenty-five dollars which is in addition to the  
10 alternative fee of thirty-five dollars with an annual  
11 personalized plate renewal fee of five dollars which  
12 is in addition to the special renewal fee of ten  
13 dollars. The alternate fees are in addition to the  
14 regular annual registration fee. The alternate fees  
15 collected under this paragraph shall be paid monthly  
16 to the treasurer of state and credited to the road use  
17 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
18 prior to the crediting of the revenues to the road use  
19 tax fund under section ~~423.24~~ 423.43, subsection 1,  
20 paragraph "b", the treasurer of state shall credit  
21 monthly the amount of the alternate fees collected in  
22 the previous month to the state agency that  
23 recommended the special registration plate.

24 Sec. 179. Section 321.34, subsection 21, paragraph  
25 c, Code 2003, is amended to read as follows:

26 c. The special fees collected by the director  
27 under this subsection shall be paid monthly to the  
28 treasurer of state and credited to the road use tax  
29 fund. Notwithstanding section ~~423.24~~ 423.43, and  
30 prior to the crediting of revenues to the road use tax  
31 fund under section ~~423.24~~ 423.43, subsection 1,  
32 paragraph "b", the treasurer of state shall credit  
33 monthly to the Iowa heritage fund created under  
34 section 303.9A the amount of the special fees  
35 collected in the previous month for the Iowa heritage  
36 plates.

37 Sec. 180. Section 321.34, subsection 22, paragraph  
38 b, Code 2003, is amended to read as follows:

39 b. The special school transportation fee for  
40 letter number designated education plates is thirty-  
41 five dollars. The fee for personalized education  
42 plates is twenty-five dollars, which shall be paid in  
43 addition to the special school transportation fee of  
44 thirty-five dollars. The annual special school  
45 transportation fee is ten dollars for letter number  
46 designated registration plates and is fifteen dollars  
47 for personalized registration plates which shall be  
48 paid in addition to the regular annual registration  
49 fee. The fees collected by the director under this  
50 subsection shall be paid monthly to the treasurer of

**S-3408**

-139-

**S-3408**

Page 140

1 state and credited to the road use tax fund.  
2 Notwithstanding section ~~423.24~~ 423.43, and prior to  
3 the crediting of revenues to the road use tax fund  
4 under section ~~423.24~~ 423.43, subsection 1, paragraph  
5 "b", the treasurer of state shall transfer monthly  
6 from those revenues to the school budget review  
7 committee in accordance with section 257.31,  
8 subsection 17, the amount of the special school  
9 transportation fees collected in the previous month  
10 for the education plates.

11 Sec. 181. Section 321F.9, Code 2003, is amended to  
12 read as follows:

13 321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

14 Any person engaged in business in this state shall  
15 not enter into any agreement for the use of a motor  
16 vehicle under the terms of which ~~such~~ that person  
17 grants to another an option to purchase ~~such~~ the motor  
18 vehicle without first having obtained a motor vehicle  
19 dealer's license under the provisions of chapter 322,  
20 and all sales of motor vehicles under such options  
21 shall be subject to sales or use taxes imposed under  
22 the provisions of ~~chapters 422 and~~ chapter 423.

23 Nothing contained in this section shall require such  
24 person to have a place of business as provided by  
25 section 322.6, subsection 8.

26 Sec. 182. Section 327I.26, Code 2003, is amended  
27 to read as follows:

28 327I.26 APPROPRIATION TO AUTHORITY.

29 Notwithstanding section ~~423.24~~ 423.43, and prior to  
30 the application of section ~~423.24~~ 423.43, subsection  
31 1, paragraph "b", there shall be deposited into the  
32 general fund of the state and is appropriated to the  
33 authority from eighty percent of the revenues derived  
34 from the operation of section ~~423.7~~ 423.26, the  
35 amounts certified by the authority under section  
36 327I.25. However, the total amount deposited into the  
37 general fund and appropriated to the Iowa railway  
38 finance authority under this section shall not exceed  
39 two million dollars annually. Moneys appropriated to  
40 the Iowa railway finance authority under this section  
41 are appropriated only for the payment of principal and  
42 interest on obligations or the payment of leases  
43 guaranteed by the authority as provided under section  
44 327I.25.

45 Sec. 183. Section 328.26, unnumbered paragraph 2,  
46 Code 2003, is amended to read as follows:

47 When an aircraft is registered to a person for the  
48 first time the fee submitted to the department shall  
49 include the tax imposed by section ~~422.43~~ 423.2 or  
50 section ~~423.2~~ 423.5 or evidence of the exemption of

**S-3408**

-140-

**S-3408**

Page 141

1 the aircraft from the tax imposed under section 422.43  
2 423.2 or ~~423.2~~ 423.5.

3 Sec. 184. Section 331.557, subsection 3, Code  
4 2003, is amended to read as follows:

5 3. Collect the use tax on vehicles subject to  
6 registration as provided in sections ~~423.6, 423.7, and~~  
7 ~~423.7A~~ 423.14, 423.26, and 423.27.

8 Sec. 185. Section 357A.15, unnumbered paragraph 2,  
9 Code 2003, is amended to read as follows:

10 A rural water district organized under chapter 504A  
11 shall receive a refund of sales or use taxes upon  
12 submitting an application to the department of revenue  
13 and finance for ~~such~~ the refund of taxes imposed upon  
14 the ~~gross receipts~~ sales price of all sales of  
15 building materials, supplies, or equipment sold to a  
16 contractor or used in the fulfillment of a written  
17 contract for the construction of facilities for ~~such~~  
18 the rural water district to the same extent as a rural  
19 water district organized under this chapter may obtain  
20 a refund under section ~~422.45~~ 423.4, subsection 7 1.

21 Sec. 186. Section 421.10, Code 2003, is amended to  
22 read as follows:

23 421.10 APPEAL PERIOD -- APPLICABILITY.

24 The appeal period for revision of assessment of  
25 tax, interest, and penalties set out under section  
26 422.28, ~~422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
27 453A.29, or 453A.46 applies to appeals to notices from  
28 the department denying changes in filing methods,  
29 denying refund claims, and denying portions of refund  
30 claims for the tax covered by that section, and  
31 notices of any department action directed to a  
32 specific taxpayer, other than licensing, which  
33 involves a calculation.

34 Sec. 187. Section 421.17, subsection 22B, Code  
35 2003, is amended to read as follows:

36 22B. ~~Enter~~ To enter into agreements or compacts  
37 with remote sellers, retailers, or third-party  
38 providers for the voluntary collection of Iowa sales  
39 or use taxes attributable to sales into Iowa ~~and to~~  
40 ~~enter~~. The director has the authority to enter into  
41 and perform all duties required of the office of  
42 director by multistate agreements or compacts that  
43 provide for the voluntary collection of sales and use  
44 taxes, including joint audits with other states or  
45 audits on behalf of other states. The agreements or  
46 compacts shall generally conform to the provisions of  
47 Iowa sales and use tax statutes. All fees for  
48 services, reimbursements, remuneration, incentives,  
49 and costs incurred by the department associated with  
50 these agreements or compacts may be paid or reimbursed

**S-3408**

-141-

**S-3408**

Page 142

1 from the additional revenue generated. An amount is  
2 appropriated from amounts generated to pay or  
3 reimburse all costs associated with this subsection.  
4 Persons entering into an agreement or compact with the  
5 department pursuant to this subsection are subject to  
6 the requirements and penalties of the confidentiality  
7 laws of this state regarding tax information.  
8 Notwithstanding any other provisions of law, the  
9 contract, agreement, or compact shall provide for the  
10 registration, collection, report, and verification of  
11 amounts subject to this subsection.

12 Sec. 188. Section 421.17, subsection 29, paragraph  
13 j, Code 2003, is amended to read as follows:

14 j. The department's existing right to credit  
15 against tax due or to become due under section 422.73  
16 or 423.47 is not to be impaired by a right granted to  
17 or a duty imposed upon the department or other state  
18 agency by this subsection. This subsection is not  
19 intended to impose upon the department any additional  
20 requirement of notice, hearing, or appeal concerning  
21 the right to credit against tax due under section  
22 422.73 or 423.47.

23 Sec. 189. Section 421.17, subsection 34, paragraph  
24 i, Code 2003, is amended to read as follows:

25 i. The director may distribute to credit reporting  
26 entities and for publication the names, addresses, and  
27 amounts of indebtedness owed to or being collected by  
28 the state if the indebtedness is subject to the  
29 centralized debt collection procedure established in  
30 this subsection. The director shall adopt rules to  
31 administer this paragraph, and the rules shall provide  
32 guidelines by which the director shall determine which  
33 names, addresses, and amounts of indebtedness may be  
34 distributed for publication. The director may  
35 distribute information for publication pursuant to  
36 this paragraph, notwithstanding sections 422.20,  
37 ~~422.72~~, and ~~423.23~~ 423.42, or any other provision of  
38 state law to the contrary pertaining to  
39 confidentiality of information.

40 Sec. 190. Section 421.26, Code 2003, is amended to  
41 read as follows:

42 421.26 PERSONAL LIABILITY FOR TAX DUE.

43 If a licensee or other person under section  
44 452A.65, a retailer or purchaser under chapter 422A or  
45 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
46 retailer or purchaser under section ~~423.13~~ 423.32 or a  
47 user under section ~~423.14~~ 423.34 fails to pay a tax  
48 under those sections when due, an officer of a  
49 corporation or association, notwithstanding sections  
50 490A.601 and 490A.602, a member or manager of a

**S-3408**

-142-

**S-3408**

Page 143

1 limited liability company, or a partner of a  
2 partnership, having control or supervision of or the  
3 authority for remitting the tax payments and having a  
4 substantial legal or equitable interest in the  
5 ownership of the corporation, association, limited  
6 liability company, or partnership, who has  
7 intentionally failed to pay the tax is personally  
8 liable for the payment of the tax, interest, and  
9 penalty due and unpaid. However, this section shall  
10 not apply to taxes on accounts receivable. The  
11 dissolution of a corporation, association, limited  
12 liability company, or partnership shall not discharge  
13 a person's liability for failure to remit the tax due.  
14 Sec. 191. Section 421.28, Code 2003, is amended to  
15 read as follows:

16 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

17 The immediate successor to a licensee's or  
18 retailer's business or stock of goods under chapter  
19 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
20 423.33 or 452A.65, is not personally liable for the  
21 amount of delinquent tax, interest, or penalty due and  
22 unpaid if the immediate successor shows that the  
23 purchase of the business or stock of goods was made in  
24 good faith that no delinquent tax, interest, or  
25 penalty was due and unpaid. For purposes of this  
26 section the immediate successor shows good faith by  
27 evidence that the department had provided the  
28 immediate successor with a certified statement that no  
29 delinquent tax, interest, or penalty is unpaid, or  
30 that the immediate successor had taken in good faith a  
31 certified statement from the licensee, retailer, or  
32 seller that no delinquent tax, interest, or penalty is  
33 unpaid. When requested to do so by a person with whom  
34 the licensee or retailer is negotiating the sale of  
35 the business or stock of goods, the director of  
36 revenue and finance shall, upon being satisfied that  
37 such a situation exists, inform that person as to the  
38 amount of unpaid delinquent tax, interest, or penalty  
39 due by the licensee or the retailer. The giving of  
40 the information under this circumstance is not a  
41 violation of section 422.20, 422.72, or 452A.63.

42 Sec. 192. Section 421B.11, unnumbered paragraph 3,  
43 Code 2003, is amended to read as follows:

44 Judicial review of the actions of the director may  
45 be sought in accordance with the terms of the Iowa  
46 administrative procedure Act, and section ~~422.55~~  
47 423.38.

48 Sec. 193. Section 422.7, subsection 21, paragraph  
49 a, subparagraph (1), unnumbered paragraph 1, Code  
50 2003, is amended to read as follows:

**S-3408**

-143-

**S-3408**

Page 144

1 Net capital gain from the sale of real property  
2 used in a business, in which the taxpayer materially  
3 participated for ten years, as defined in section  
4 469(h) of the Internal Revenue Code, and which has  
5 been held for a minimum of ten years, or from the sale  
6 of a business, as defined in section ~~422.42~~ 423.1, in  
7 which the taxpayer was employed or in which the  
8 taxpayer materially participated for ten years, as  
9 defined in section 469(h) of the Internal Revenue  
10 Code, and which has been held for a minimum of ten  
11 years. The sale of a business means the sale of all  
12 or substantially all of the tangible personal property  
13 or service of the business.

14 Sec. 194. Section 422.73, subsection 1, Code 2003,  
15 is amended by striking the subsection.

16 Sec. 195. Section 422A.1, unnumbered paragraphs 1,  
17 3, 7, and 8, Code 2003, are amended to read as  
18 follows:

19 A city or county may impose by ordinance of the  
20 city council or by resolution of the board of  
21 supervisors a hotel and motel tax, at a rate not to  
22 exceed seven percent, which shall be imposed in  
23 increments of one or more full percentage points upon  
24 the ~~gross receipts~~ sales price from the renting of  
25 sleeping rooms, apartments, or sleeping quarters in a  
26 hotel, motel, inn, public lodging house, rooming  
27 house, manufactured or mobile home which is tangible  
28 personal property, or tourist court, or in any place  
29 where sleeping accommodations are furnished to  
30 transient guests for rent, whether with or without  
31 meals; except the ~~gross receipts~~ sales price from the  
32 renting of sleeping rooms in dormitories and in  
33 memorial unions at all universities and colleges  
34 located in the state of Iowa and the guests of a  
35 religious institution if the property is exempt under  
36 section 427.1, subsection 8, and the purpose of  
37 renting is to provide a place for a religious retreat  
38 or function and not a place for transient guests  
39 generally. The tax when imposed by a city shall apply  
40 only within the corporate boundaries of that city and  
41 when imposed by a county shall apply only outside  
42 incorporated areas within that county. "Renting" and  
43 "rent" include any kind of direct or indirect charge  
44 for such sleeping rooms, apartments, or sleeping  
45 quarters, or their use. However, the tax does not  
46 apply to the ~~gross receipts~~ sales price from the  
47 renting of a sleeping room, apartment, or sleeping  
48 quarters while rented by the same person for a period  
49 of more than thirty-one consecutive days.

50 A local hotel and motel tax shall be imposed on

**S-3408**

**S-3408**

Page 145

1 January 1, April 1, July 1, or October 1, following  
2 the notification of the director of revenue and  
3 finance. Once imposed, the tax shall remain in effect  
4 at the rate imposed for a minimum of one year. A  
5 local hotel and motel tax shall terminate only on  
6 March 31, June 30, September 30, or December 31. At  
7 least ~~forty-five~~ sixty days prior to the tax being  
8 effective or prior to a revision in the tax rate, or  
9 prior to the repeal of the tax, a city or county shall  
10 provide notice by mail of such action to the director  
11 of revenue and finance.

12 No tax permit other than the state sales tax permit  
13 required under section ~~422.53~~ 423.36 may be required  
14 by local authorities.

15 The tax levied shall be in addition to any state  
16 sales tax imposed under section ~~422.43~~ 423.2. Section  
17 422.25, subsection 4, sections 422.30, ~~422.48 to~~  
18 ~~422.52, 422.54 to 422.58,~~ 422.67, and 422.68, section  
19 422.69, subsection 1, and sections 422.70 to 422.75,  
20 section 423.14, subsection 1, and sections 423.23,  
21 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
22 423.42, and 423.47, consistent with the provisions of  
23 this chapter, apply with respect to the taxes  
24 authorized under this chapter, in the same manner and  
25 with the same effect as if the hotel and motel taxes  
26 were retail sales taxes within the meaning of those  
27 statutes. Notwithstanding this paragraph, the  
28 director shall provide for quarterly filing of returns  
29 ~~as prescribed in section 422.51~~ and for other than  
30 quarterly filing of returns both as prescribed in  
31 section ~~422.51, subsection 2~~ 423.31. The director may  
32 require all persons, as defined in section ~~422.42~~  
33 423.1, who are engaged in the business of deriving  
34 ~~gross receipts~~ any sales price subject to tax under  
35 this chapter, to register with the department.

36 Sec. 196. Section 422B.8, Code 2003, is amended to  
37 read as follows:

38 422B.8 LOCAL SALES AND SERVICES TAX.

39 A local sales and services tax at the rate of not  
40 more than one percent may be imposed by a county on  
41 the ~~gross receipts~~ sales price taxed by the state  
42 under chapter ~~422~~ 423, ~~division IV~~ subchapter II. A  
43 local sales and services tax shall be imposed on the  
44 same basis as the state sales and services tax or in  
45 the case of the use of natural gas, natural gas  
46 service, electricity, or electric service on the same  
47 basis as the state use tax and shall not be imposed on  
48 the sale of any property or on any service not taxed  
49 by the state, except the tax shall not be imposed on  
50 the ~~gross receipts~~ sales price from the sale of motor

**S-3408**

**S-3408**

Page 146

1 fuel or special fuel as defined in chapter 452A which  
2 is consumed for highway use or in watercraft or  
3 aircraft if the fuel tax is paid on the transaction  
4 and a refund has not or will not be allowed, on the  
5 ~~gross receipts~~ sales price from the rental of rooms,  
6 apartments, or sleeping quarters which are taxed under  
7 chapter 422A during the period the hotel and motel tax  
8 is imposed, on the ~~gross receipts~~ sales price from the  
9 sale of equipment by the state department of  
10 transportation, on the ~~gross receipts~~ sales price from  
11 the sale of self-propelled building equipment, pile  
12 drivers, motorized scaffolding, or attachments  
13 customarily drawn or attached to self-propelled  
14 building equipment, pile drivers, and motorized  
15 scaffolding, including auxiliary attachments which  
16 improve the performance, safety, operation, or  
17 efficiency of the equipment and replacement parts and  
18 are directly and primarily used by contractors,  
19 subcontractors, and builders for new construction,  
20 reconstruction, alterations, expansion, or remodeling  
21 of real property or structures, and on the ~~gross~~  
22 ~~receipts~~ sales price from the sale of a lottery ticket  
23 or share in a lottery game conducted pursuant to  
24 chapter 99E and except the tax shall not be imposed on  
25 the ~~gross receipts~~ sales price from the sale or use of  
26 natural gas, natural gas service, electricity, or  
27 electric service in a city or county where the ~~gross~~  
28 ~~receipts~~ sales price from the sale of natural gas or  
29 electric energy are subject to a franchise fee or user  
30 fee during the period the franchise or user fee is  
31 imposed. A local sales and services tax is applicable  
32 to transactions within those incorporated and  
33 unincorporated areas of the county where it is imposed  
34 and shall be collected by all persons required to  
35 collect state ~~gross receipts~~ sales taxes. However, a  
36 person required to collect state retail sales tax  
37 under chapter ~~422 423, division IV subchapter V or VI,~~  
38 is not required to collect local sales and services  
39 tax on transactions delivered within the area where  
40 the local sales and services tax is imposed unless the  
41 person has physical presence in that taxing area. All  
42 cities contiguous to each other shall be treated as  
43 part of one incorporated area and the tax would be  
44 imposed in each of those contiguous cities only if the  
45 majority of those voting in the total area covered by  
46 the contiguous cities favor its imposition.

47 The amount of the sale, for purposes of determining  
48 the amount of the local sales and services tax, does  
49 not include the amount of any state ~~gross receipts~~  
50 ~~taxes~~ sales tax.

**S-3408**

-146-



**S-3408**

Page 147

1 A tax permit other than the state sales tax permit  
2 required under section ~~422.53 or 423.10~~ 423.36 shall  
3 not be required by local authorities.

4 If a local sales and services tax is imposed by a  
5 county pursuant to this chapter, a local excise tax at  
6 the same rate shall be imposed by the county on the  
7 purchase price of natural gas, natural gas service,  
8 electricity, or electric service subject to tax under  
9 chapter 423, subchapter III, and not exempted from tax  
10 by any provision of chapter 423, subchapter III. The  
11 local excise tax is applicable only to the use of  
12 natural gas, natural gas service, electricity, or  
13 electric service within those incorporated and  
14 unincorporated areas of the county where it is imposed  
15 and, except as otherwise provided in this chapter,  
16 shall be collected and administered in the same manner  
17 as the local sales and services tax. For purposes of  
18 this chapter, "local sales and services tax" shall  
19 also include the local excise tax.

20 Sec. 197. Section 422B.9, subsections 1 and 2,  
21 Code 2003, are amended to read as follows:

22 1. a. A local sales and services tax shall be  
23 imposed either January 1 or July 1 following the  
24 notification of the director of revenue and finance  
25 but not sooner than ninety days following the  
26 favorable election and not sooner than sixty days  
27 following notice to sellers, as defined in section  
28 423.1. However, a jurisdiction which has voted to  
29 continue imposition of the tax may impose that tax  
30 without repeal of the prior tax.

31 b. A local sales and services tax shall be  
32 repealed only on June 30 or December 31 but not sooner  
33 than ninety days following the favorable election if  
34 one is held. However, a local sales and services tax  
35 shall not be repealed before the tax has been in  
36 effect for one year. At least forty days before the  
37 imposition or repeal of the tax, a county shall  
38 provide notice of the action by certified mail to the  
39 director of revenue and finance.

40 c. The imposition of or a rate change for a local  
41 sales and service tax shall not be applied to  
42 purchases from a printed catalog wherein a purchaser  
43 computes the local tax based on rates published in the  
44 catalog unless a minimum of one hundred twenty days'  
45 notice of the imposition or rate change has been given  
46 to the seller from the catalog and the first day of a  
47 calendar quarter has occurred on or after the one  
48 hundred twentieth day.

49 e. d. If a local sales and services tax has been  
50 imposed prior to April 1, 2000, and at the time of the

**S-3408**

-147-

**S-3408**

Page 148

1 election a date for repeal was specified on the  
2 ballot, the local sales and services tax may be  
3 repealed on that date, notwithstanding paragraph "b".

4 2. a. The director of revenue and finance shall  
5 administer a local sales and services tax as nearly as  
6 possible in conjunction with the administration of  
7 state ~~gross receipts~~ sales tax laws. The director  
8 shall provide appropriate forms or provide on the  
9 regular state tax forms for reporting local sales and  
10 services tax liability.

11 b. The ordinance of a county board of supervisors  
12 imposing a local sales and services tax shall adopt by  
13 reference the applicable provisions of the appropriate  
14 sections of ~~chapter 422, division IV, and chapter 423.~~  
15 All powers and requirements of the director to  
16 administer the state ~~gross receipts~~ sales tax law and  
17 use tax law are applicable to the administration of a  
18 local sales and services tax law and the local excise  
19 tax, including but not limited to, the provisions of  
20 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
21 ~~to 422.52, 422.54 to 422.58,~~ 422.67, and 422.68,  
22 section 422.69, subsection 1, sections 422.70 to  
23 422.75, 423.6, subsections 2 to 4, and sections 423.11  
24 to 423.18, and 423.21 section 423.14, subsection 1 and  
25 subsection 2, paragraphs "b" through "e", and sections  
26 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,  
27 423.37 to 423.42, 423.46, and 423.47. Local officials  
28 shall confer with the director of revenue and finance  
29 for assistance in drafting the ordinance imposing a  
30 local sales and services tax. A certified copy of the  
31 ordinance shall be filed with the director as soon as  
32 possible after passage.

33 c. Frequency of deposits and quarterly reports of  
34 a local sales and services tax with the department of  
35 revenue and finance are governed by the tax provisions  
36 in section ~~422.52~~ 423.31. Local tax collections shall  
37 not be included in computation of the total tax to  
38 determine frequency of filing under section ~~422.52~~  
39 423.31.

40 d. The director shall apply a boundary change of a  
41 county or city imposing or collecting the local sales  
42 and service tax to the imposition or collection of  
43 that tax only on the first day of a calendar quarter  
44 which occurs sixty days or more after the director has  
45 given notice of the boundary change to sellers.

46 Sec. 198. Section 422C.2, subsections 4 and 6,  
47 Code 2003, are amended to read as follows:

48 4. "Person" means person as defined in section  
49 ~~422.42~~ 423.1.

50 6. "Rental price" means the consideration for

**S-3408**

-148-

**S-3408**

Page 149

1 renting an automobile valued in money, and means the  
2 same as ~~"gross taxable services"~~ "sales price" as  
3 defined in section ~~422.42~~ 423.1.

4 Sec. 199. Section 422C.3, Code 2003, is amended to  
5 read as follows:

6 422C.3 TAX ON RENTAL OF AUTOMOBILES.

7 1. A tax of five percent is imposed upon the  
8 rental price of an automobile if the rental  
9 transaction is subject to the sales and services tax  
10 under chapter ~~422~~ 423, ~~division IV~~ subchapter II, or  
11 the use tax under chapter 423, subchapter III. The  
12 tax shall not be imposed on any rental transaction not  
13 taxable under the state sales and services tax, as  
14 provided in section ~~422.45~~ 423.3, or the state use  
15 tax, as provided in section ~~423.4~~ 423.6, on automobile  
16 rental receipts.

17 2. The lessor shall collect the tax by adding the  
18 tax to the rental price of the automobile.

19 3. The tax, when collected, shall be stated as a  
20 distinct item separate and apart from the rental price  
21 of the automobile and the sales and services tax  
22 imposed under chapter ~~422~~ 423, ~~division IV~~ subchapter  
23 II, or the use tax imposed under chapter 423,  
24 subchapter III.

25 Sec. 200. Section 422C.4, Code 2003, is amended to  
26 read as follows:

27 422C.4 ADMINISTRATION AND ENFORCEMENT.

28 All powers and requirements of the director of  
29 revenue and finance to administer the state ~~gross~~  
30 ~~receipts~~ sales tax law under chapter ~~422~~, ~~division IV~~,  
31 423 are applicable to the administration of the tax  
32 imposed under section 422C.3, including but not  
33 limited to section 422.25, subsection 4, sections  
34 ~~422.30, 422.48 through 422.52, 422.54 through 422.58,~~  
35 422.67, and 422.68, section 422.69, subsection 1, and  
36 sections 422.70 through 422.75, section 423.14,  
37 subsection 1, and sections 423.15, 423.23, 423.24,  
38 423.25, 423.31, 423.33, 423.35 and 423.37 through  
39 423.42, 423.45, 423.46, and 423.47. However, as an  
40 exception to the powers specified in section ~~422.52,~~  
41 ~~subsection 1~~ 423.31, the director shall only require  
42 the filing of quarterly reports.

43 Sec. 201. Section 422E.1, subsection 1, is amended  
44 to read as follows:

45 1. A local sales and services tax for school  
46 infrastructure purposes may be imposed by a county on  
47 behalf of school districts as provided in this  
48 chapter.

49 If a local sales and services tax for school  
50 infrastructure is imposed by a county pursuant to this

**S-3408**

**S-3408**

Page 150

1 chapter, a local excise tax for school infrastructure  
2 at the same rate shall be imposed by the county on the  
3 purchase price of natural gas, natural gas service,  
4 electricity, or electric service subject to tax under  
5 chapter 423, subchapter III, and not exempted from tax  
6 by any provision of chapter 423, subchapter III. The  
7 local excise tax for school infrastructure is  
8 applicable only to the use of natural gas, natural gas  
9 service, electricity, or electric service within those  
10 incorporated and unincorporated areas of the county  
11 where it is imposed and, except as otherwise provided  
12 in this chapter, shall be collected and administered  
13 in the same manner as the local sales and services tax  
14 for school infrastructure. For purposes of this  
15 chapter, "local sales and services tax for school  
16 infrastructure" shall also include the local excise  
17 tax for school infrastructure.

18 Sec. 202. Section 422E.3, subsections 1, 2, and 3,  
19 Code 2003, are amended to read as follows:

20 1. If a majority of those voting on the question  
21 of imposition of a local sales and services tax for  
22 school infrastructure purposes favors imposition of  
23 the tax, the tax shall be imposed by the county board  
24 of supervisors within the county pursuant to section  
25 422E.2, at the rate specified for a ten-year duration  
26 on the ~~gross receipts~~ sales price taxed by the state  
27 under chapter ~~422~~ 423, ~~division IV~~ subchapter II.

28 2. The tax shall be imposed on the same basis as  
29 the state sales and services tax or in the case of the  
30 use of natural gas, natural gas service, electricity,  
31 or electric service on the same basis as the state use  
32 tax and shall not be imposed on the sale of any  
33 property or on any service not taxed by the state,  
34 except the tax shall not be imposed on the ~~gross~~  
35 ~~receipts~~ sales price from the sale of motor fuel or  
36 special fuel as defined in chapter 452A which is  
37 consumed for highway use or in watercraft or aircraft  
38 if the fuel tax is paid on the transaction and a  
39 refund has not or will not be allowed, on the ~~gross~~  
40 ~~receipts~~ sales price from the rental of rooms,  
41 apartments, or sleeping quarters which are taxed under  
42 chapter 422A during the period the hotel and motel tax  
43 is imposed, on the ~~gross receipts~~ sales price from the  
44 sale of equipment by the state department of  
45 transportation, on the ~~gross receipts~~ sales price from  
46 the sale of self-propelled building equipment, pile  
47 drivers, motorized scaffolding, or attachments  
48 customarily drawn or attached to self-propelled  
49 building equipment, pile drivers, and motorized  
50 scaffolding, including auxiliary attachments which

**S-3408**

-150-

**S-3408**

Page 151

1 improve the performance, safety, operation, or  
2 efficiency of the equipment, and replacement parts and  
3 are directly and primarily used by contractors,  
4 subcontractors, and builders for new construction,  
5 reconstruction, alterations, expansion, or remodeling  
6 of real property or structures, and on the ~~gross~~  
7 ~~receipts~~ sales price from the sale of a lottery ticket  
8 or share in a lottery game conducted pursuant to  
9 chapter 99E and except the tax shall not be imposed on  
10 the ~~gross receipts~~ sales price from the sale or use of  
11 natural gas, natural gas service, electricity, or  
12 electric service in a city or county where the ~~gross~~  
13 ~~receipts~~ sales price from the sale of natural gas or  
14 electric energy are subject to a franchise fee or user  
15 fee during the period the franchise or user fee is  
16 imposed.

17 3. The tax is applicable to transactions within  
18 the county where it is imposed and shall be collected  
19 by all persons required to collect state ~~gross~~  
20 ~~receipts~~ sales or local excise taxes. However, a  
21 person required to collect state ~~retail~~ sales tax  
22 under chapter 422, ~~division IV,~~ 423 is not required to  
23 collect local sales and services tax on transactions  
24 delivered within the area where the local sales and  
25 services tax is imposed unless the person has physical  
26 presence in that taxing area. The amount of the sale,  
27 for purposes of determining the amount of the tax,  
28 does not include the amount of any state ~~gross~~  
29 ~~receipts~~ sales taxes or excise taxes or other local  
30 option sales or excise taxes. A tax permit other than  
31 the state tax permit required under section ~~422.53 or~~  
32 ~~423.10~~ 423.36 shall not be required by local  
33 authorities.

34 Sec. 203. Section 425.30, Code 2003, is amended to  
35 read as follows:

36 425.30 NOTICES.

37 Section ~~422.57~~ 423.39, subsection 1, shall apply to  
38 all notices under this division.

39 Sec. 204. Section 425.31, Code 2003, is amended to  
40 read as follows:

41 425.31 APPEALS.

42 Any person aggrieved by an act or decision of the  
43 director of revenue and finance or the department of  
44 revenue and finance under this division shall have the  
45 same rights of appeal and review as provided in  
46 sections 421.1 and ~~422.55~~ 423.38 and the rules of the  
47 department of revenue and finance.

48 Sec. 205. Section 452A.66, unnumbered paragraph 1,  
49 Code 2003, is amended to read as follows:

50 The appropriate state agency shall administer the

**S-3408**

**S-3408**

Page 152

1 taxes imposed by this chapter in the same manner as  
2 and subject to section 422.25, subsection 4 and  
3 section ~~422.52, subsection 3~~ 423.35.

4 Sec. 206. Section 455B.455, Code 2003, is amended  
5 to read as follows:

6 455B.455 SURCHARGE IMPOSED.

7 A land burial surcharge tax of two percent is  
8 imposed on the fee for land burial of a hazardous  
9 waste. The owner of the land burial facility shall  
10 remit the tax collected to the director of revenue and  
11 finance after consultation with the director according  
12 to rules that the director shall adopt. The director  
13 shall forward a copy of the site license to the  
14 director of revenue and finance which shall be the  
15 appropriate license for the collection of the land  
16 burial surcharge tax and shall be subject to  
17 suspension or revocation if the site license holder  
18 fails to collect or remit the tax collected under this  
19 section. The provisions of ~~sections~~ section 422.25,  
20 subsection 4, sections 422.30, ~~422.48 to 422.52,~~  
21 ~~422.54 to 422.58,~~ 422.67, and 422.68, section 422.69,  
22 subsection 1, and sections 422.70 to 422.75, section  
23 423.14, subsection 1, and sections 423.23, 423.24,  
24 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and  
25 423.47, consistent with the provisions of this part 6  
26 of division IV, shall apply with respect to the taxes  
27 authorized under this part, in the same manner and  
28 with the same effect as if the land burial surcharge  
29 tax were ~~retail~~ sales taxes within the meaning of  
30 those statutes. Notwithstanding the provisions of  
31 this ~~paragraph~~ section, the director shall provide for  
32 only quarterly filing of returns as prescribed in  
33 section ~~422.51~~ 423.31. Taxes collected by the  
34 director of revenue and finance under this section  
35 shall be deposited in the general fund of the state.

36 Sec. 207. Section 455G.3, subsection 1, Code 2003,  
37 is amended to read as follows:

38 1. The Iowa comprehensive petroleum underground  
39 storage tank fund is created as a separate fund in the  
40 state treasury, and any funds remaining in the fund at  
41 the end of each fiscal year shall not revert to the  
42 general fund but shall remain in the Iowa  
43 comprehensive petroleum underground storage tank fund.  
44 Interest or other income earned by the fund shall be  
45 deposited in the fund. The fund shall include moneys  
46 credited to the fund under this section, section  
47 ~~423.24~~ 423.43, subsection 1, paragraph "a", and  
48 sections 455G.8, 455G.9, and 455G.11, and other funds  
49 which by law may be credited to the fund. The moneys  
50 in the fund are appropriated to and for the purposes

**S-3408**

**S-3408**

Page 153

1 of the board as provided in this chapter. Amounts in  
2 the fund shall not be subject to appropriation for any  
3 other purpose by the general assembly, but shall be  
4 used only for the purposes set forth in this chapter.  
5 The treasurer of state shall act as custodian of the  
6 fund and disburse amounts contained in it as directed  
7 by the board including automatic disbursements of  
8 funds as received pursuant to the terms of bond  
9 indentures and documents and security provisions to  
10 trustees and custodians. The treasurer of state is  
11 authorized to invest the funds deposited in the fund  
12 at the direction of the board and subject to any  
13 limitations contained in any applicable bond  
14 proceedings. The income from such investment shall be  
15 credited to and deposited in the fund. The fund shall  
16 be administered by the board which shall make  
17 expenditures from the fund consistent with the  
18 purposes of the programs set out in this chapter  
19 without further appropriation. The fund may be  
20 divided into different accounts with different  
21 depositories as determined by the board and to fulfill  
22 the purposes of this chapter.

23 Sec. 208. Section 455G.6, subsection 4, Code 2003,  
24 is amended to read as follows:

25 4. Grant a mortgage, lien, pledge, assignment, or  
26 other encumbrance on one or more improvements,  
27 revenues, asset of right, accounts, or funds  
28 established or received in connection with the fund,  
29 including revenues derived from the use tax under  
30 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
31 and deposited in the fund or an account of the fund.

32 Sec. 209. Section 455G.8, subsection 2, Code 2003,  
33 is amended to read as follows:

34 2. USE TAX. The revenues derived from the use tax  
35 imposed under chapter 423, subchapter III. The  
36 proceeds of the use tax under section ~~423.24~~ 423.43,  
37 subsection 1, paragraph "a", shall be allocated,  
38 consistent with this chapter, among the fund's  
39 accounts, for debt service and other fund expenses,  
40 according to the fund budget, resolution, trust  
41 agreement, or other instrument prepared or entered  
42 into by the board or authority under direction of the  
43 board.

44 Sec. 210. Section 455G.9, subsection 2, Code 2003,  
45 is amended to read as follows:

46 2. REMEDIAL ACCOUNT FUNDING. The remedial account  
47 shall be funded by that portion of the proceeds of the  
48 use tax imposed under chapter 423, subchapter III, and  
49 other moneys and revenues budgeted to the remedial  
50 account by the board.

**S-3408**

-153-

**S-3408**

Page 154

1 Sec. 211. Section 2.67, Code 2003, is repealed.  
2 Sec. 212. CODE EDITOR DIRECTIVE. The Code editor  
3 is directed to transfer Code chapter 423A to Code  
4 chapter 421A and to transfer Code chapters 422A, 422B,  
5 422C, and 422E to Code chapters 423A, 423B, 423C, and  
6 423E, respectively. The Code editor is directed to  
7 correct Code references as required due to the changes  
8 made in this Act.

9 SALES TAX ADVISORY COUNCIL

10 Sec. 213. IOWA STREAMLINED SALES TAX ADVISORY  
11 COUNCIL.

12 1. An Iowa streamlined sales tax advisory council  
13 is created. The advisory council shall review, study,  
14 and submit recommendations to the Iowa streamlined  
15 sales and use tax delegation regarding the proposed  
16 streamlined sales and use tax agreement formalized by  
17 the project's implementing sales on November 12, 2002,  
18 the proposed language conforming Iowa's sales and use  
19 tax to the national agreement, and the following  
20 issues:

- 21 a. Uniform definitions proposed in the current  
22 streamlined sales and use tax agreement and future  
23 proposals.
- 24 b. Effects upon taxability of items newly defined  
25 in Iowa.
- 26 c. Impacts upon business as a result of the  
27 streamlined sales and use tax.
- 28 d. Technology implementation issues.
- 29 e. Any other issues that are brought before the  
30 streamlined sales and use tax implementing state or  
31 the streamlined sales and use tax governing board.

32 2. The department shall provide administrative  
33 support to the Iowa streamlined sales tax advisory  
34 council. The advisory council shall be representative  
35 of Iowa's business community and economy when  
36 reviewing and recommending solutions to streamlined  
37 sales and use tax issues. The advisory council shall  
38 provide the general assembly and the governor with  
39 final recommendations made to the Iowa streamlined  
40 sales and use tax delegation upon the conclusion of  
41 each calendar year.

42 3. The director of revenue, in consultation with  
43 the Iowa taxpayers association and the Iowa  
44 association of business and industry, shall appoint  
45 members to the Iowa streamlined sales tax advisory  
46 council, which shall consist of the following members:

47 a. One member from the department of revenue and  
48 finance.

49 b. Three members representing small Iowa  
50 businesses, at least one of whom must be a retailer,

**S-3408**

-154-



**S-3408**

Page 155

1 and at least one of whom shall be a supplier.

2 c. Three members representing medium Iowa  
3 businesses, at least one of whom shall be a retailer,  
4 and at least one of whom shall be a supplier.

5 d. Three members representing large Iowa  
6 businesses, at least one of whom shall be a retailer,  
7 and at least one of whom shall be a supplier.

8 e. One member representing taxpayers as a whole.

9 f. One member representing the retail community as  
10 a whole.

11 g. Any other member the director of revenue and  
12 finance deems appropriate.

13 Sec. 214. EFFECTIVE DATE. Except for the section  
14 creating the Iowa streamlined sales tax advisory  
15 council, this division of this Act takes effect July  
16 1, 2004.

## DIVISION XVI

## WIND ENERGY PRODUCTION TAX CREDIT

19 Sec. 215. NEW SECTION. 422.11H WIND ENERGY  
20 PRODUCTION TAX CREDIT.

21 The taxes imposed under this division, less the  
22 credits allowed under sections 422.12 and 422.12B,  
23 shall be reduced by a wind energy production tax  
24 credit allowed under chapter 476B.

25 Sec. 216. Section 422.33, Code 2003, is amended by  
26 adding the following new subsection:

27 NEW SUBSECTION. 14. The taxes imposed under this  
28 division shall be reduced by a wind energy production  
29 tax credit allowed under chapter 476B.

30 Sec. 217. Section 422.60, Code 2003, is amended by  
31 adding the following new subsection:

32 NEW SUBSECTION. 7. The taxes imposed under this  
33 division shall be reduced by a wind energy production  
34 tax credit allowed under chapter 476B.

35 Sec. 218. NEW SECTION. 432.12D WIND ENERGY  
36 PRODUCTION TAX CREDIT.

37 The taxes imposed under this chapter shall be  
38 reduced by a wind energy production tax credit allowed  
39 under chapter 476B.

40 Sec. 219. NEW SECTION. 476B.1 DEFINITIONS.

41 For purposes of this chapter, unless the context  
42 otherwise requires:

43 1. "Board" means the utilities board within the  
44 utilities division of the department of commerce.

45 2. "Department" means the department of revenue  
46 and finance.

47 3. "Qualified electricity" means electricity  
48 produced from wind at a qualified facility.

49 4. "Qualified facility" means an electrical  
50 production facility that meets all of the following:

**S-3408**

-155-

**S-3408**

Page 156

- 1 a. Produces electricity from wind.
- 2 b. Is located in Iowa.
- 3 c. Was originally placed in service on or after
- 4 July 1, 2004, but before July 1, 2007.

5 Sec. 220. NEW SECTION. 476B.2 GENERAL RULE.

6 The owner of a qualified facility shall, for each  
7 kilowatt-hour of qualified electricity that the owner  
8 sells during the ten-year period beginning on the date  
9 the qualified facility was originally placed in  
10 service, be allowed a wind energy production tax  
11 credit to the extent provided in this chapter against  
12 the tax imposed in chapter 422, divisions II, III, and  
13 V, and chapter 432.

14 Sec. 221. NEW SECTION. 476B.3 CREDIT AMOUNT.

15 The wind energy production tax credit allowed under  
16 this chapter equals the product of one cent multiplied  
17 by the number of kilowatt-hours of qualified  
18 electricity sold by the owner during the taxable year.

19 Sec. 222. NEW SECTION. 476B.4 LIMITATIONS.

20 1. a. The wind energy production tax credit shall  
21 not be allowed for any kilowatt-hour of electricity  
22 produced on wind energy conversion property for which  
23 the owner has claimed or otherwise received for that  
24 property the benefit of special valuation under  
25 section 427B.26 or section 441.21, subsection 8, or  
26 the exemption from retail sales tax under section  
27 422.45, subsection 48.

28 b. The disallowance of the tax credit pursuant to  
29 paragraph "a" does not apply to an owner of a  
30 qualified facility that owns, directly or indirectly,  
31 in the aggregate, a total annual turbine nameplate  
32 capacity of all such property of less than one  
33 megawatt.

34 2. The wind energy production tax credit shall not  
35 be allowed for any kilowatt-hour of electricity that  
36 is sold to a related person. For purpose of this  
37 subsection, persons shall be treated as related to  
38 each other if such persons would be treated as a  
39 single employer under the regulations prescribed under  
40 section 52(b) of the Internal Revenue Code. In the  
41 case of a corporation that is a member of an  
42 affiliated group of corporations filing a consolidated  
43 return, such corporation shall be treated as selling  
44 electricity to an unrelated person if such electricity  
45 is sold to such a person by another member of such  
46 group.

47 Sec. 223. NEW SECTION. 476B.5 APPLICATION FOR  
48 TAX CREDIT CERTIFICATES.

49 1. To receive the wind energy production tax  
50 credit, an owner of the qualified facility must submit

**S-3408**

**S-3408**

Page 157

1 an application for a tax credit certificate to the  
2 board not later than thirty days after the close of  
3 its taxable year. The owner's application must  
4 contain, but need not be limited to, all of the  
5 following information: the owner's name, tax  
6 identification number, and address, the number of  
7 kilowatt-hours of qualified electricity sold by the  
8 owner during the preceding taxable year, the address  
9 of the qualified facility at which the qualified  
10 electricity was produced, a certified statement of the  
11 number, if any, of kilowatt-hours of electricity  
12 produced on wind energy conversion property for which  
13 the owner has claimed or otherwise received for that  
14 property the benefit of special valuation under  
15 section 427B.26 or section 441.21, subsection 8, or  
16 the exemption from the retail sales tax under section  
17 422.45, subsection 48, and the denomination that each  
18 tax credit certificate is to carry.

19 1A. In addition to the information required in  
20 subsection 1, the application shall specify the amount  
21 of property taxes imposed by the school district,  
22 city, and county on the wind energy conversion  
23 property payable during the owner's taxable year. The  
24 amount of property taxes imposed by the school  
25 district, city, and county on such property that is  
26 payable during the owner's taxable year shall be  
27 computed as follows:

28 a. If the fiscal year for which such property  
29 taxes are imposed ends during the taxable year, divide  
30 the property taxes imposed by the school district,  
31 city, and county payable in that fiscal year by twelve  
32 and multiply the resulting quotient by the number of  
33 months of the fiscal year ending in the taxable year.

34 b. If the fiscal year for which such property  
35 taxes are imposed begins, but does not end, during the  
36 taxable year, divide the property taxes imposed by the  
37 school district, city, and county payable in that  
38 fiscal year by twelve and multiply the resulting  
39 quotient by the number of months of the fiscal year  
40 ending in the taxable year.

41 c. Add the amounts determined pursuant to  
42 paragraphs "a" and "b".

43 The application shall also contain the name of the  
44 school district, city or cities, and county and the  
45 portion of the total amount of paragraph "c" that was  
46 imposed by each jurisdiction.

47 2. The board shall, in conjunction with the  
48 department, prescribe appropriate forms and  
49 instructions to enable owners to claim the tax credit  
50 allowed under this chapter. If the board prescribes

**S-3408**

-157-

**S-3408**

Page 158

1 these forms and instructions, an owner's application  
2 for a tax credit certificate shall not be valid unless  
3 made on and in accordance with these forms and  
4 instructions.

5 3. Within thirty days of the end of the owner's  
6 eleventh and twelfth taxable years with respect to the  
7 ownership of the qualified facility for which the  
8 owner had previously received a tax credit, the owner  
9 shall file with the board an "extra two year  
10 information form". The form shall contain all  
11 property tax information in subsection 1A and other  
12 information deemed appropriate by the board or  
13 treasurer of state for the owner's eleventh or twelfth  
14 taxable year, as applicable.

15 Sec. 224. NEW SECTION. 476B.6 ISSUANCE OF TAX  
16 CREDIT CERTIFICATES.

17 1. If the owner meets the criteria for eligibility  
18 for the wind energy production tax credit, the board  
19 shall determine the validity of the application and if  
20 valid, shall issue one or more tax credit certificates  
21 to the owner not later than thirty days after the  
22 application is submitted to the board. Each tax  
23 credit certificate must contain the owner's name,  
24 address, and tax identification number, amount of tax  
25 credits, and the expiration date of the tax credit  
26 certificate, which shall be seven years from its date  
27 of issuance and any other information required by the  
28 department. Once issued by the board, the tax credit  
29 certificate shall be binding on the board and the  
30 department and shall not be modified, terminated, or  
31 rescinded. Upon the issuance of the tax credit  
32 certificate, the board shall forward to the treasurer  
33 of state a copy of the information provided pursuant  
34 to section 476B.5, subsection 1A, containing the  
35 amount of property taxes payable during the owner's  
36 taxable year which were levied on wind energy  
37 conversion property for which the tax credit  
38 certificates were issued. The board shall also  
39 forward to the treasurer of state information provided  
40 pursuant to section 476B.5, subsection 3, containing  
41 the amount of property taxes payable during the  
42 eleventh or twelfth taxable year.

43 2. If the tax credit application is filed by a  
44 partnership, limited liability company, S corporation,  
45 estate, trust, or other reporting entity all of the  
46 income of which is taxed directly to its equity  
47 holders or beneficiaries, the tax credit certificate  
48 may, at the election of the owner, be issued directly  
49 to equity holders or beneficiaries of the owner in  
50 proportion to their pro rata share of the income of

**S-3408**

-158-

**S-3408**

Page 159

1 such entity. If the owner elects to have the tax  
2 credit certificate issued directly to its equity  
3 holders or beneficiaries, the owner must, in the  
4 application made under section 476B.5, identify its  
5 equity holders or beneficiaries, and the amount of  
6 such entity's income that is allocable to each equity  
7 holder or beneficiary.

8 Sec. 225. NEW SECTION. 476B.7 TRANSFER OF TAX  
9 CREDIT CERTIFICATES.

10 Wind energy production tax credit certificates  
11 issued under this chapter may be transferred to any  
12 person or entity. Within thirty days of transfer, the  
13 transferee must submit the transferred tax credit  
14 certificate to the board along with a statement  
15 containing the transferee's name, tax identification  
16 number, and address, and the denomination that each  
17 replacement tax credit certificate is to carry and any  
18 other information required by the department. Within  
19 thirty days of receiving the transferred tax credit  
20 certificate and the transferee's statement, the board  
21 shall issue one or more replacement tax credit  
22 certificates to the transferee. Each replacement  
23 certificate must contain the information required  
24 under section 476B.6 and must have the same expiration  
25 date that appeared in the transferred tax credit  
26 certificate. Tax credit certificate amounts of less  
27 than the minimum amount established by rule of the  
28 board shall not be transferable. A tax credit shall  
29 not be claimed by a transferee under this chapter  
30 until a replacement tax credit certificate identifying  
31 the transferee as the proper holder has been issued.

32 The tax credit shall only be transferred once. The  
33 transferee may use the amount of the tax credit  
34 transferred against the taxes imposed under chapter  
35 422, divisions II, III, and V, and chapter 432 for any  
36 tax year the original transferor could have claimed  
37 the tax credit. Any consideration received for the  
38 transfer of the tax credit shall not be included as  
39 income under chapter 422, divisions II, III, and V.  
40 Any consideration paid for the transfer of the tax  
41 credit shall not be deducted from income under chapter  
42 422, divisions II, III, and V.

43 Sec. 226. NEW SECTION. 476B.8 USE OF TAX CREDIT  
44 CERTIFICATES.

45 To claim a wind energy production tax credit under  
46 this chapter, a taxpayer must attach one or more tax  
47 credit certificates to the taxpayer's tax return. A  
48 tax credit certificate shall not be used or attached  
49 to a return filed prior to July 1, 2005. The tax  
50 credit certificate or certificates attached to the

**S-3408**

**S-3408**

Page 160

1 taxpayer's tax return shall be issued in the  
2 taxpayer's name, expire on or after the last day of  
3 the taxable year for which the taxpayer is claiming  
4 the tax credit, and show a tax credit amount equal to  
5 or greater than the tax credit claimed on the  
6 taxpayer's tax return. Any tax credit in excess of  
7 the taxpayer's tax liability for the taxable year may  
8 be credited to the taxpayer's tax liability for the  
9 following seven taxable years or until depleted,  
10 whichever is the earlier.

11 Sec. 227. NEW SECTION. 476B.9 REGISTRATION OF  
12 TAX CREDIT CERTIFICATES.

13 The board shall, in conjunction with the  
14 department, develop a system for the registration of  
15 the wind energy production tax credit certificates  
16 issued or transferred under this chapter and a system  
17 that permits verification that any tax credit claimed  
18 on a tax return is valid and that transfers of the tax  
19 credit certificates are made in accordance with the  
20 requirements of this chapter. The tax credit  
21 certificates issued under this chapter shall not be  
22 classified as a security pursuant to chapter 502.

23 Sec. 228. NEW SECTION. 476B.10 PAYMENT TO STATE  
24 OF PROPERTY TAXES COLLECTED.

25 1. a. By March 15 and September 15 of each year,  
26 the treasurer of state shall notify each school  
27 district, city, and county of the amount of property  
28 taxes imposed by the jurisdiction on wind energy  
29 conversion property for which tax credit certificates  
30 have been issued under this chapter. The amount of  
31 property taxes contained on the notice to the school  
32 district, city, or county shall equal the amounts  
33 received by the treasurer of state from the board  
34 since the treasurer of state last sent out notices  
35 pursuant to this subsection. The sending of a notice  
36 shall constitute a demand for the payment of an amount  
37 equal to the property taxes imposed on the wind energy  
38 conversion property as specified in the notice.

39 b. In addition to the amount of property taxes  
40 referred to in paragraph "a", the treasurer of state  
41 shall notify each school district, city, and county of  
42 the property taxes imposed on wind energy conversion  
43 property for the owner's eleventh or twelfth taxable  
44 year as specified pursuant to section 476B.5,  
45 subsection 3.

46 2. A school district, city, or county to which a  
47 notice under subsection 1 is sent shall remit to the  
48 treasurer of state the amount of property taxes  
49 imposed in the wind energy conversion property  
50 specified in the notice by the end of the third month

**S-3408**

-160-

**S-3408**

Page 161

1 following the month in which the notice is sent.  
2 Interest for late payment shall be assessed at the  
3 rate specified in section 421.7 for each month,  
4 counting a part of a month a whole month, after the  
5 due date. Failure of the school district, city, or  
6 county to receive the notice is not a defense to the  
7 payment of the amount specified in the notice or for  
8 any interest for late payment.

9 3. A school district, city, or county that remits  
10 payments to the treasurer of state pursuant to  
11 subsection 2 in a fiscal year may adjust its budget or  
12 certified budget, notwithstanding any provision of  
13 law, to compensate for such payments.

14 Sec. 229. EFFECTIVE AND APPLICABILITY DATES.

15 1. Except for subsection 2, this division of this  
16 Act applies to tax years beginning on or after January  
17 1, 2004.

18 2. The section of this division of this Act  
19 enacting new Code section 476B.10, takes effect  
20 January 1, 2005.

21 DIVISION XVII

22 EFFECTIVE DATE

23 Sec. 230. EFFECTIVE DATE. Unless otherwise  
24 provided in this Act, this Act takes effect July 1,  
25 2003."

26 \_\_\_\_\_. Title page, by striking lines 1 through 15  
27 and inserting the following: "An Act relating to  
28 economic development, financial, taxation, and  
29 regulatory matters, making and revising  
30 appropriations, modifying penalties, providing a fee,  
31 and including effective, applicability, and  
32 retroactive applicability provisions.""

**By NEAL SCHUERER**

**S-3408** FILED MAY 30, 2003

ADOPTED

H-3409

1 Amend the Senate amendment, H-1616, to House File  
2 683, as amended, passed, and reprinted by the House,  
3 as follows:

4 1. Page 3, by inserting after line 8 the  
5 following:

6 "DEPARTMENT OF HUMAN SERVICES  
7 Sec. \_\_\_\_ COUNTY HOSPITALS. There is appropriated  
8 from the general fund of the state to the department  
9 of human services for the fiscal year beginning July  
10 1, 2003, and ending June 30, 2004, the following  
11 amount, or so much thereof as is necessary, for the  
12 purpose designated:

13 For support of mental health care services provided  
14 to persons who are elderly or poor by county hospitals  
15 in counties having a population of two hundred twenty-  
16 five thousand or more:

17 ..... \$ 312,000"

18 2. Page 3, by inserting before line 9 the  
19 following:

20 "Sec. \_\_\_\_ 2003 Iowa Acts, House File 667, section  
21 13, subsection 2, is amended to read as follows:

22 2. The department may either continue or reprocure  
23 the contract existing on June 30, 2003, with the  
24 department's fiscal agent. If the department  
25 initiates reprocurement of the contract, of the amount  
26 appropriated in this Act for the medical assistance  
27 program, up to \$500,000 may be used to begin the  
28 implementation process."

29 3. Page 6, by inserting after line 7 the  
30 following:

31 "Sec. \_\_\_\_ Section 7J.1, subsection 1, as enacted  
32 by 2003 Iowa Acts, Senate File 453, section 32, and  
33 amended by 2003 Iowa Acts, Senate File 458, section  
34 85, is amended to read as follows:

35 1. DESIGNATION OF CHARTER AGENCIES -- PURPOSE.  
36 The governor may, by executive order, designate state  
37 departments or agencies, as described in section 7E.5,  
38 or the Iowa lottery authority established in chapter  
39 99G, other than the department of administrative  
40 services, if the department is established in law, or  
41 the department of management, as a charter agency by  
42 July 1, 2003. The designation of a charter agency  
43 shall be for a period of five years which shall  
44 terminate as of June 30, 2008. The purpose of  
45 designating a charter agency is to grant the agency  
46 additional authority as provided by this chapter while  
47 reducing the total appropriations to the agency."

48 4. Page 9, by inserting after line 35 the  
49 following:

50 "Sec. \_\_\_\_ Section 422E.3A, subsection 3,



1 paragraph a, as enacted by 2003 Iowa Acts, Senate File  
2 445, is amended to read as follows:

3 a. The director of revenue and finance by June 1  
4 preceding each fiscal year shall compute the  
5 guaranteed school infrastructure amount for each  
6 school district, each school district's sales tax  
7 capacity per student for each county, ~~the-statewide~~  
8 ~~tax-revenues-per-student~~, and the supplemental school  
9 infrastructure amount for the coming fiscal year.

10 Sec. \_\_\_\_\_. Section 422E.3A, subsection 3, paragraph  
11 b, subparagraph (3), as enacted by 2003 Iowa Acts,  
12 Senate File 445, is amended by striking the  
13 subparagraph and inserting in lieu thereof the  
14 following:

15 (3) "Statewide tax revenues per student" means  
16 five hundred seventy-five dollars per student. The  
17 general assembly shall review this amount annually to  
18 determine its appropriateness.

19 Sec. \_\_\_\_\_. Section 422E.3A, subsection 5, as  
20 enacted by 2003 Iowa Acts, Senate File 445, is amended  
21 to read as follows:

22 5. In the case of a deficiency in the fund to pay  
23 the supplemental school infrastructure amounts in  
24 full, the amount available in the fund less the sales  
25 and services tax revenues for school infrastructure  
26 purposes attributed to each school district should be  
27 allocated ~~based-on-the-proportion-of-actual-enrollment~~  
28 ~~in-the-district-to-the-combined-actual-enrollment-in~~  
29 ~~the-counties-where-the-sales-and-services-tax-for~~  
30 ~~school-infrastructure-purposes-has-been-imposed-and~~  
31 ~~the-school-districts-in-the-counties-qualify-for-the~~  
32 ~~supplemental-school-infrastructure-amount~~ first to  
33 increase the school district with the lowest sales tax  
34 capacity per student to an amount equal to the school  
35 district or school districts with the next lowest  
36 sales tax capacity per student and then increase the  
37 school districts to an amount equal to the school  
38 district or school districts with the next lowest  
39 sales tax capacity per student and continue on in this  
40 manner until money is no longer available or all  
41 school districts reach their guaranteed school  
42 infrastructure amount.

43 Sec. \_\_\_\_\_. Section 422E.3A, subsection 6,  
44 unnumbered paragraph 1, as enacted by 2003 Iowa Acts,  
45 Senate File 445, is amended to read as follows:

46 A school district ~~with-less-than-two-hundred-fifty~~  
47 ~~actual-enrollment-or-less-than-one-hundred-actual~~  
48 ~~enrollment-in-the-high-school~~ shall not expend the  
49 supplemental school infrastructure amount received for  
50 new construction or for payments for bonds issued for

1 new construction against the supplemental school  
2 infrastructure amount without prior application to the  
3 department of education and receipt of a certificate  
4 of need pursuant to this subsection. However, a  
5 certificate of need is not required for the payment of  
6 outstanding bonds issued for new construction pursuant  
7 to section 296.1, before April 1, 2003. A certificate  
8 of need is also not required for repairing  
9 schoolhouses or buildings, equipment, technology, or  
10 transportation equipment for transporting students as  
11 provided in section 298.3, or for construction  
12 necessary for compliance with the federal Americans  
13 With Disabilities Act pursuant to 42 U.S.C. § 12101-  
14 12117. In determining whether a certificate of need  
15 shall be issued or denied, the department shall  
16 consider all of the following:"

17 5. Page 10, by striking lines 32 through 49.

18 6. By striking page 11, line 34 through page 13,  
19 line 8.

20 7. Page 16, by striking lines 9 through 17.

21 8. Page 17, by striking lines 41 and 42.

22 9. By striking page 18, line 7 through page 21,  
23 line 26.

24 10. By striking page 29, line 27, through page  
25 44, line 4, and inserting the following:

26 "DIVISION VII

27 ECONOMIC DEVELOPMENT APPROPRIATIONS

28 Sec. \_\_\_\_ . MARKETING APPROPRIATION.

29 1. There is appropriated from the grow Iowa values  
30 fund created in section 15G.107, if enacted by 2003  
31 Iowa Acts, House File 692 or another Act, to the  
32 department of economic development, for the fiscal  
33 period beginning July 1, 2003, and ending June 30,  
34 2006, the following amounts, or so much thereof as is  
35 necessary, to be used for the purpose designated:

36 For implementing and administering the marketing  
37 strategy approved under section 15G.108, if enacted by  
38 2003 Iowa Acts, House File 692 or another Act:

39 FY 2003-2004..... \$ 2,500,000

40 FY 2004-2005..... \$ 7,500,000

41 FY 2005-2006..... \$ 10,000,000

42 2. Notwithstanding section 8.33, moneys that  
43 remain unexpended at the end of a fiscal year shall  
44 not revert to any fund but shall remain available for  
45 expenditure for the designated purposes during the  
46 succeeding fiscal year.

47 Sec. \_\_\_\_ . DEPARTMENT OF ECONOMIC DEVELOPMENT  
48 APPROPRIATION.

49 1. There is appropriated from the grow Iowa values  
50 fund created in section 15G.107, if enacted by 2003

1 Iowa Acts, House File 692 or another Act, to the  
2 department of economic development for the fiscal  
3 period beginning July 1, 2003, and ending June 30,  
4 2007, the following amounts, or so much thereof as is  
5 necessary, to be used for the purpose designated:

6 For programs administered by the department of  
7 economic development:

8	FY 2003-2004.....	\$ 45,000,000
9	FY 2004-2005.....	\$ 41,000,000
10	FY 2005-2006.....	\$ 44,000,000
11	FY 2006-2007.....	\$ 48,000,000

12 2. Notwithstanding section 8.33, moneys that  
13 remain unexpended at the end of a fiscal year shall  
14 not revert to any fund but shall remain available for  
15 expenditure for the designated purposes during the  
16 succeeding fiscal year.

17 3. Each year that moneys are appropriated under  
18 this section, the grow Iowa values board shall  
19 allocate a percentage of the moneys for each of the  
20 following types of activities:

- 21 a. Business start-ups.
- 22 b. Business expansion.
- 23 c. Business modernization.
- 24 d. Business attraction.
- 25 e. Business retention.
- 26 f. Marketing.

27 4. An applicant for moneys appropriated under this  
28 section shall be required by the department to include  
29 in the application a statement regarding the intended  
30 return on investment. A recipient of moneys  
31 appropriated under this section shall annually submit  
32 a statement to the department regarding the progress  
33 achieved on the intended return on investment stated  
34 in the application. The department, in cooperation  
35 with the department of revenue and finance, shall  
36 develop a method of identifying and tracking each new  
37 job created through financial assistance from moneys  
38 appropriated under this section.

39 5. The department may use moneys appropriated  
40 under this section to procure technical assistance  
41 from either the public or private sector, for  
42 information technology purposes, and for rail, air, or  
43 river port transportation-related purposes. The use  
44 of moneys appropriated for rail, air, or river port  
45 transportation-related purposes must be directly  
46 related to an economic development project and the  
47 moneys must be used to leverage other financial  
48 assistance moneys.

49 6. Of the moneys appropriated under this section,  
50 the department may use one-half of one percent for

1 administrative purposes.

2 7. The grow Iowa values board is required to  
3 approve or deny applications for financial assistance  
4 from moneys appropriated under this section.

5 Sec. \_\_\_\_ . UNIVERSITY AND COLLEGE FINANCIAL  
6 ASSISTANCE APPROPRIATION.

7 1. There is appropriated from the grow Iowa values  
8 fund created in section 15G.107, if enacted by 2003  
9 Iowa Acts, House File 692 or another Act, to the grow  
10 Iowa values board for the fiscal period beginning July  
11 1, 2003, and ending June 30, 2007, the following  
12 amounts, or so much thereof as is necessary, to be  
13 used for the purposes designated:

14 For financial assistance for institutions of higher  
15 learning under the control of the state board of  
16 regents and for accredited private institutions as  
17 defined in section 261.9 for multiuse, goods  
18 manufacturing processes approved by the food and drug  
19 administration of the United States department of  
20 health and human services, protein purification  
21 facilities for plant, animal, and chemical  
22 manufactured proteins; accelerating new business  
23 creation; innovation accelerators and business parks;  
24 incubator facilities; upgrading food and drug  
25 administration drug approval laboratories in Iowa City  
26 to a larger multiclient, goods manufacturing processes  
27 facility; crop and animal livestock facilities for the  
28 growing of transgenic crops and livestock, protein  
29 extraction facilities, containment facilities, and  
30 bioanalytical, biochemical, chemical, and  
31 microbiological support facilities; a national center  
32 for food safety and security; and advanced laboratory  
33 space:

34 FY 2003-2004.....	\$ 6,000,000
35 FY 2004-2005.....	\$ 7,000,000
36 FY 2005-2006.....	\$ 7,000,000
37 FY 2006-2007.....	\$ 7,000,000

38 2. Notwithstanding section 8.33, moneys that  
39 remain unexpended at the end of a fiscal year shall  
40 not revert to any fund but shall remain available for  
41 expenditure for the designated purposes during the  
42 succeeding fiscal year.

43 3. In the distribution of moneys appropriated  
44 pursuant to this section, the grow Iowa values board  
45 shall examine the potential for using moneys  
46 appropriated pursuant to this section to leverage  
47 other moneys for financial assistance to accredited  
48 private institutions.

49 4. In awarding moneys appropriated pursuant to  
50 this section, the grow Iowa values board shall

1 consider whether the purchase of suitable existing  
2 infrastructure is more cost-efficient than building  
3 new infrastructure.

4 5. An institution of higher learning under the  
5 control of the state board of regents may apply to use  
6 financial assistance moneys under this section for  
7 purposes of a public and private joint venture to  
8 acquire infrastructure assets or research facilities  
9 or to leverage moneys in a manner consistent with  
10 meeting the goals and performance measures provided in  
11 section 15G.106, if enacted by 2003 Iowa Acts, House  
12 File 692 or another Act.

13 6. Of the moneys appropriated under this section  
14 and provided applications are submitted meeting the  
15 requirements of the grow Iowa values board, not less  
16 than \$10,000,000 in financial assistance shall be  
17 awarded to the university of Iowa, not less than  
18 \$10,000,000 in financial assistance shall be awarded  
19 to Iowa state university of science and technology,  
20 and not less than \$5,000,000 in financial assistance  
21 shall be awarded to the university of northern Iowa.

22 Sec. \_\_\_\_ . REHABILITATION PROJECT TAX CREDITS  
23 APPROPRIATION.

24 1. There is appropriated from the grow Iowa values  
25 fund created in section 15G.107, if enacted by 2003  
26 Iowa Acts, House File 692 or another Act, to the  
27 general fund of the state, for the fiscal period  
28 beginning July 1, 2005, and ending June 30, 2007, the  
29 following amounts, or so much thereof as is necessary,  
30 to be used for the purpose designated:

31 For payment of tax credits approved pursuant to  
32 section 404A.4 for projects located in certified  
33 cultural and entertainment districts:

34 FY 2005-2006.....	\$	500,000
35 FY 2006-2007.....	\$	500,000

36 2. Notwithstanding section 8.33, moneys that  
37 remain unexpended at the end of a fiscal year shall  
38 not revert to any fund but shall remain available for  
39 expenditure for the designated purposes during the  
40 succeeding fiscal year.

41 Sec. \_\_\_\_ . LOAN AND CREDIT GUARANTEE FUND  
42 APPROPRIATION.

43 1. There is appropriated from the grow Iowa values  
44 fund created in section 15G.107, if enacted by 2003  
45 Iowa Acts, House File 692 or another Act, to the  
46 department of economic development for the fiscal  
47 period beginning July 1, 2003, and ending June 30,  
48 2007, the following amounts, or so much thereof as is  
49 necessary, to be used for the purpose designated:

50 For deposit in the loan and credit guarantee fund

1 created in section 15E.227:  
 2 FY 2003-2004..... \$ 2,500,000  
 3 FY 2004-2005..... \$ 5,000,000  
 4 FY 2005-2006..... \$ 7,500,000  
 5 FY 2006-2007..... \$ 7,500,000

6 2. Notwithstanding section 8.33, moneys that  
 7 remain unexpended at the end of a fiscal year shall  
 8 not revert to any fund but shall remain available for  
 9 expenditure for the designated purpose during the  
 10 succeeding fiscal year.

11 Sec. \_\_\_\_ . ENDOW IOWA TAX CREDITS.

12 1. There is appropriated from the grow Iowa values  
 13 fund created in section 15G.107, if enacted by 2003  
 14 Iowa Acts, House File 692 or another Act, to the  
 15 general fund of the state, for the fiscal period  
 16 beginning July 1, 2004, and ending June 30, 2007, the  
 17 following amounts, or so much thereof as is necessary,  
 18 to be used for the purpose designated:

19 For payment of endow Iowa tax credits authorized  
 20 pursuant to section 15E.305:  
 21 FY 2004-2005..... \$ 250,000  
 22 FY 2005-2006..... \$ 250,000  
 23 FY 2006-2007..... \$ 500,000

24 2. Notwithstanding section 8.33, moneys that  
 25 remain unexpended at the end of a fiscal year shall  
 26 not revert to any fund but shall remain available for  
 27 expenditure for the designated purposes during the  
 28 succeeding fiscal year.

29 Sec. \_\_\_\_ . ENDOW IOWA GRANTS APPROPRIATION.

30 1. There is appropriated from the grow Iowa values  
 31 fund created in section 15G.107, if enacted by 2003  
 32 Iowa Acts, House File 692 or another Act, to the  
 33 department of economic development for the fiscal  
 34 period beginning July 1, 2004, and ending June 30,  
 35 2007, the following amounts, or so much thereof as is  
 36 necessary, to be used for the purpose designated:

37 For endow Iowa grants to lead philanthropic  
 38 entities pursuant to section 15E.304:  
 39 FY 2004-2005..... \$ 250,000  
 40 FY 2005-2006..... \$ 250,000  
 41 FY 2006-2007..... \$ 500,000

42 2. Notwithstanding section 8.33, moneys that  
 43 remain unexpended at the end of a fiscal year shall  
 44 not revert to any fund but shall remain available for  
 45 expenditure for the designated purposes during the  
 46 succeeding fiscal year.

47 Sec. \_\_\_\_ . STATE PARKS AND DESTINATION PARKS  
 48 APPROPRIATION.

49 1. There is appropriated from the grow Iowa values  
 50 fund created in section 15G.107, if enacted by 2003

1 Iowa Acts, House File 692 or another Act, to the grow  
2 Iowa values board for the fiscal period beginning July  
3 1, 2003, and ending June 30, 2007, the following  
4 amount, or so much thereof as is necessary, to be used  
5 for the purpose designated:

6 For the purpose of providing financial assistance  
7 for projects in targeted state parks and destination  
8 parks:

9	FY 2003-2004.....	\$	500,000
10	FY 2004-2005.....	\$	0
11	FY 2005-2006.....	\$	0
12	FY 2006-2007.....	\$	500,000

13 2. Notwithstanding section 8.33, moneys that  
14 remain unexpended at the end of a fiscal year shall  
15 not revert to any fund but shall remain available for  
16 expenditure for the designated purposes during the  
17 succeeding fiscal year.

18 3. The department of natural resources, in  
19 cooperation with the department of economic  
20 development, shall submit a plan to the grow Iowa  
21 values board for the expenditure of moneys  
22 appropriated under this section. The plan shall focus  
23 on improving state parks and destination parks for  
24 economic development purposes. Based on the report  
25 submitted, the grow Iowa values board shall provide  
26 financial assistance to the department of natural  
27 resources for support of state parks and destination  
28 parks.

29 Sec. \_\_\_\_ . IOWA CULTURAL TRUST FUND APPROPRIATION.

30 1. There is appropriated from the grow Iowa values  
31 fund created in section 15G.107, if enacted by 2003  
32 Iowa Acts, House File 692 or another Act, to the  
33 office of the treasurer of state, for the fiscal  
34 period beginning July 1, 2003, and ending June 30,  
35 2007, the following amount, or so much thereof as is  
36 necessary, to be used for the purpose designated:

37 For deposit in the Iowa cultural trust fund created  
38 in section 303A.4:

39	FY 2003-2004.....	\$	500,000
40	FY 2004-2005.....	\$	0
41	FY 2005-2006.....	\$	0
42	FY 2006-2007.....	\$	500,000

43 2. Notwithstanding section 8.33, moneys that  
44 remain unexpended at the end of a fiscal year shall  
45 not revert to any fund but shall remain available for  
46 expenditure for the designated purposes during the  
47 succeeding fiscal year.

48 Sec. \_\_\_\_ . ANTICIPATED FEDERAL MONEYS --  
49 APPROPRIATION.

50 1. There is appropriated from the fund created by

1 section 8.41, for the fiscal period beginning July 1,  
2 2003, and ending June 30, 2005, the following amounts  
3 to be used for the purpose designated:

4 For deposit in the grow Iowa values fund created in  
5 section 15G.107, if enacted by 2003 Iowa Acts, House  
6 File 692 or another Act:  
7 FY 2003-2004..... \$ 59,000,000  
8 FY 2004-2005..... \$ 41,000,000

9 2. Moneys appropriated in this section are moneys  
10 anticipated to be received from the federal government  
11 for state and local government fiscal relief under the  
12 federal Jobs and Growth Tax Relief Reconciliation Act  
13 of 2003 and shall be expended as provided in the  
14 federal law making the moneys available and in  
15 conformance with chapter 17A.

16 3. Notwithstanding section 8.33, moneys that  
17 remain unexpended at the end of a fiscal year shall  
18 not revert to any fund but shall remain available for  
19 expenditure for the designated purposes during the  
20 succeeding fiscal year.

21 Sec. \_\_\_\_ . STREAMLINED SALES AND USE TAX REVENUE --  
22 APPROPRIATION.

23 1. There is appropriated from the general fund of  
24 the state from moneys credited to the general fund of  
25 the state as a result of entering into the streamlined  
26 sales and use tax agreement, for the fiscal period  
27 beginning July 1, 2003, and ending June 30, 2010, the  
28 following amounts to be used for the purpose  
29 designated:

30 For deposit in the grow Iowa values fund created in  
31 section 15G.107, if enacted by 2003 Iowa Acts, House  
32 File 692 or another Act:  
33 FY 2003-2004..... \$ 5,000,000  
34 FY 2004-2005..... \$ 23,000,000  
35 FY 2005-2006..... \$ 75,000,000  
36 FY 2006-2007..... \$ 75,000,000  
37 FY 2007-2008..... \$ 75,000,000  
38 FY 2008-2009..... \$ 75,000,000  
39 FY 2009-2010..... \$ 75,000,000

40 2. For purposes of this section, "moneys credited  
41 to the general fund of the state as a result of  
42 entering into the streamlined sales and use tax  
43 agreement" means the amount of sales and use tax  
44 receipts credited to the general fund of the state  
45 during a fiscal year that exceeds by two percent or  
46 more the total sales and use tax receipts credited to  
47 the general fund of the state during the previous  
48 fiscal year.

49 a. If the moneys credited to the general fund of  
50 the state as a result of entering into the streamlined



1 sales and use tax agreement during a fiscal year total  
2 less than the amount appropriated in this section, the  
3 appropriation in this section shall be reduced to  
4 equal the total amount of the moneys so credited.

5 b. If the appropriation for a fiscal year is  
6 reduced pursuant to paragraph "a", all appropriations  
7 made from the grow Iowa values fund for the same  
8 fiscal year shall be reduced proportionately to the  
9 amount reduced due to paragraph "a".

10 3. Notwithstanding section 8.33, moneys that  
11 remain unexpended at the end of a fiscal year shall  
12 not revert to any fund but shall remain available for  
13 expenditure for the designated purposes during the  
14 succeeding fiscal year.

15 DIVISION VIII

16 WORKFORCE-RELATED ISSUES

17 Sec. \_\_\_\_ . NEW SECTION. 260C.18A WORKFORCE  
18 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

19 1. a. A workforce training and economic  
20 development fund is created for each community  
21 college. Moneys shall be deposited and expended from  
22 a fund as provided under this section.

23 b. Moneys in the funds shall consist of any moneys  
24 appropriated by the general assembly and any other  
25 moneys available to and obtained or accepted by the  
26 department of economic development from federal  
27 sources or private sources for placement in the funds.  
28 Notwithstanding section 8.33, moneys in the funds at  
29 the end of each fiscal year shall not revert to any  
30 other fund but shall remain in the funds for  
31 expenditure in subsequent fiscal years.

32 2. On July 1 of each year for the fiscal year  
33 beginning July 1, 2003, and for every fiscal year  
34 thereafter, moneys from the grow Iowa values fund  
35 created in section 15G.107, if enacted by 2003 Iowa  
36 Acts, House File 692 or another Act, are appropriated  
37 to the department of economic development for deposit  
38 in the workforce training and economic development  
39 funds in amounts determined pursuant to subsection 3.  
40 Moneys deposited in the funds and disbursed to  
41 community colleges for a fiscal year shall be expended  
42 for the following purposes, provided seventy percent  
43 of the moneys shall be used on projects in the areas  
44 of advanced manufacturing, information technology and  
45 insurance, and life sciences which include the areas  
46 of biotechnology, health care technology, and nursing  
47 care technology:

48 a. Projects in which an agreement between a  
49 community college and an employer located within the  
50 community college's merged area meet all of the

1 requirements of the accelerated career education  
2 program under chapter 260G.

3 b. Projects in which an agreement between a  
4 community college and a business meet all the  
5 requirements of the Iowa jobs training Act under  
6 chapter 260F.

7 c. For the development and implementation of  
8 career academies designed to provide new career  
9 preparation opportunities for high school students  
10 that are formally linked with postsecondary career and  
11 technical education programs. For purposes of this  
12 section, "career academy" means a program of study  
13 that combines a minimum of two years of secondary  
14 education with an associate degree, or the equivalent,  
15 career preparatory program in a nonduplicative,  
16 sequential course of study that is standards based,  
17 integrates academic and technical instruction,  
18 utilizes work-based and worksite learning where  
19 appropriate and available, utilizes an individual  
20 career planning process with parent involvement, and  
21 leads to an associate degree or postsecondary diploma  
22 or certificate in a career field that prepares an  
23 individual for entry and advancement in a high-skill  
24 and reward career field and further education. The  
25 department of economic development, in conjunction  
26 with the state board of education and the division of  
27 community colleges and workforce preparation of the  
28 department of education, shall adopt administrative  
29 rules for the development and implementation of such  
30 career academies pursuant to section 256.11,  
31 subsection 5, paragraph "h", section 260C.1, and Title  
32 II of Pub. L. No. 105-332, Carl D. Perkins Vocational  
33 and Technical Education Act of 1998.

34 d. Programs and courses that provide vocational  
35 and technical training, and programs for in-service  
36 training and retraining under section 260C.1,  
37 subsections 2 and 3.

38 e. Job retention projects under section 260F.9.

39 3. Of the moneys appropriated in this section, for  
40 the fiscal period beginning July 1, 2003, and ending  
41 June 30, 2006, the following amounts shall be  
42 designated for the purposes of funding job retention  
43 projects under section 260F.9:

44 a. One million dollars for the fiscal year  
45 beginning July 1, 2003.

46 b. One million dollars for the fiscal year  
47 beginning July 1, 2004.

48 c. One million dollars for the fiscal year  
49 beginning July 1, 2005.

50 4. The maximum cumulative total amount of moneys

1 that may be deposited in all the workforce training  
2 and economic development funds for distribution to  
3 community colleges in a fiscal year shall be  
4 determined as follows:  
5 a. Five million dollars for the fiscal year  
6 beginning July 1, 2003.  
7 b. Five million dollars for the fiscal year  
8 beginning July 1, 2004.  
9 c. Five million dollars for the fiscal year  
10 beginning July 1, 2005.  
11 d. Ten million dollars for the fiscal year  
12 beginning July 1, 2006.  
13 e. For the fiscal year beginning July 1, 2007, and  
14 each succeeding fiscal year, the grow Iowa values  
15 board shall make a determination if sufficient moneys  
16 exist in the grow Iowa values fund to distribute to  
17 community colleges.  
18 5. The department of economic development shall  
19 allocate the moneys appropriated pursuant to this  
20 section to the community college workforce training  
21 and economic development funds utilizing the same  
22 distribution formula used for the allocation of state  
23 general aid to the community colleges.  
24 6. Each community college shall do all of the  
25 following:  
26 a. Adopt a two-year workforce training and  
27 economic development fund plan outlining the community  
28 college's proposed use of moneys appropriated under  
29 subsection 2.  
30 b. Update the two-year plan annually.  
31 c. Prepare an annual progress report on the two-  
32 year plan's implementation.  
33 d. Annually submit the two-year plan and progress  
34 report to the department of economic development in a  
35 manner prescribed by rules adopted by the department  
36 pursuant to chapter 17A and annually file a copy of  
37 the plan and progress report with the grow Iowa values  
38 board. For the fiscal year beginning July 1, 2004,  
39 and each fiscal year thereafter, a community college  
40 shall not have moneys deposited in the workforce  
41 training and economic development fund of that  
42 community college unless the grow Iowa values board  
43 approves the annual progress report of the community  
44 college.  
45 7. Any individual project using over one million  
46 dollars of moneys from a workforce training and  
47 economic development fund shall require prior approval  
48 from the grow Iowa values board.  
49 Sec. \_\_\_\_\_. NEW SECTION. 260F.9 JOB RETENTION  
50 PROGRAM.

1 1. The department of economic development shall  
2 administer the job retention program. The department  
3 shall adopt rules pursuant to chapter 17A necessary  
4 for the administration of this section. By January 15  
5 of each year, the department shall submit a written  
6 report to the general assembly and the governor  
7 regarding the activities of the job retention program  
8 during the previous calendar year.

9 2. A community college and the department may  
10 enter into an agreement to establish a job retention  
11 project. A job retention project agreement shall  
12 include, but not be limited to, the following:

13 a. The date of the agreement.

14 b. The anticipated number of employees to be  
15 trained.

16 c. The estimated cost of training.

17 d. A statement regarding the number of employees  
18 employed by the participating business on the date of  
19 the agreement which must equal at least the lesser of  
20 one thousand employees or four percent or more of the  
21 county's resident labor force based on the most recent  
22 annual labor force statistics from the department of  
23 workforce development.

24 e. A commitment that the participating business  
25 shall invest at least fifteen million dollars to  
26 retool the workplace and upgrade the facilities of the  
27 participating business.

28 f. A commitment that the participating business  
29 shall not move the business operation out of this  
30 state or close the business operation for at least ten  
31 years following the date of the agreement.

32 g. Other criteria established by the department of  
33 economic development.

34 3. A job retention project agreement entered into  
35 pursuant to this section must be approved by the board  
36 of trustees of the applicable community college, the  
37 department of economic development, and the  
38 participating business.

39 Sec. \_\_\_\_ . NEW SECTION. 260F.101 REPORTING.

40 A community college entering into an agreement  
41 pursuant to this chapter shall submit an annual  
42 written report by the end of each calendar year with  
43 the grow Iowa values board created in section 15G.102,  
44 if enacted by 2003 Iowa Acts, House File 692 or  
45 another Act. The report shall provide information  
46 regarding how the agreement affects the achievement of  
47 the goals and performance measures provided in section  
48 15G.106, if enacted by 2003 Iowa Acts, House File 692  
49 or another Act.

50 Sec. \_\_\_\_ . Section 260G.3, subsection 2, Code 2003,

1 is amended to read as follows:

2 2. An agreement may include reasonable and  
3 necessary provisions to implement the accelerated  
4 career education program. If an agreement that  
5 utilizes program job credits is entered into, the  
6 community college and the employer shall notify the  
7 department of revenue and finance as soon as possible.  
8 The community college shall also file a copy of the  
9 agreement with the department of economic development  
10 as required in section 260G.4B. The agreement shall  
11 provide for program costs, including deferred costs,  
12 which may be paid from any of the following sources:  
13 a. Program job credits which the employer receives  
14 based on the number of program job positions agreed to  
15 by the employer to be available under the agreement.  
16 b. Cash or in-kind contributions by the employer  
17 toward the program cost. At a minimum, the employer  
18 contribution shall be twenty percent of the program  
19 costs.  
20 c. Tuition, student fees, or special charges fixed  
21 by the board of directors to defray program costs.  
22 d. Guarantee by the employer of payments to be  
23 received under paragraphs "a" and "b".  
24 e. Moneys from a workforce training and economic  
25 development fund created in section 260C.18A, based on  
26 the number of program job positions agreed to by the  
27 employer to be available under the agreement, the  
28 amount of which shall be calculated in the same manner  
29 as the program job credits provided for in section  
30 260G.4A.

31 Sec. \_\_\_\_. NEW SECTION. 260G.101 REPORTING.  
32 A community college entering into an agreement  
33 pursuant to this chapter shall submit an annual  
34 written report by the end of each calendar year with  
35 the grow Iowa values board created in section 15G.102,  
36 if enacted by 2003 Iowa Acts, House File 692 or  
37 another Act. The report shall provide information  
38 regarding how the agreement affects the achievement of  
39 the goals and performance measures provided in section  
40 15G.106, if enacted by 2003 Iowa Acts, House File 692  
41 or another Act.

42 DIVISION IX

43 LOAN AND CREDIT GUARANTEE FUND

44 Sec. \_\_\_\_. NEW SECTION. 15E.227 LOAN AND CREDIT  
45 GUARANTEE FUND.

46 1. A loan and credit guarantee fund is created and  
47 established as a separate and distinct fund in the  
48 state treasury. Moneys in the fund shall only be used  
49 for purposes provided in this section. The moneys in  
50 the fund are appropriated to the department to be used

1 for all of the following purposes:

2 a. Payment of claims pursuant to loan and credit  
3 guarantee agreements entered into under this division.

4 b. Payment of administrative costs of the  
5 department for actual and necessary administrative  
6 expenses incurred by the department in administering  
7 the program.

8 c. Purchase or buyout of superior or prior liens,  
9 mortgages, or security interests.

10 d. Purchase of insurance to cover the default of  
11 loans made pursuant to the requirements of the loan  
12 and credit guarantee program.

13 2. Moneys in the loan and credit guarantee fund  
14 shall consist of all of the following:

15 a. Moneys appropriated by the general assembly for  
16 that purpose and any other moneys available to and  
17 obtained or accepted by the department for placement  
18 in the fund.

19 b. Proceeds from collateral assigned to the  
20 department, fees for guarantees, gifts, and moneys  
21 from any grant made to the fund by any federal agency.

22 c. Moneys appropriated from the grow Iowa values  
23 fund created in section 15G.107, if enacted by 2003  
24 Iowa Acts, House File 692 or another Act.

25 3. Moneys in the fund are not subject to section  
26 8.33. Notwithstanding section 12C.7, interest or  
27 earnings on the moneys in the fund shall be credited  
28 to the fund.

29 4. a. The department shall only pledge moneys in  
30 the loan and credit guarantee fund and not any other  
31 moneys of the department. In a fiscal year, the  
32 department may pledge an amount not to exceed the  
33 total amount appropriated to the fund for the same  
34 fiscal year to assure the repayment of loan and credit  
35 guarantees or other extensions of credit made to or on  
36 behalf of qualified businesses or targeted industry  
37 businesses for eligible project costs.

38 b. The department shall not pledge the credit or  
39 taxing power of this state or any political  
40 subdivision of this state or make debts payable out of  
41 any moneys except for those in the loan and credit  
42 guarantee fund.

43 DIVISION X

44 UNIVERSITY-BASED RESEARCH UTILIZATION

45 PROGRAM APPROPRIATION

46 Sec. \_\_\_\_ . NEW SECTION. 262B.12 APPROPRIATION.

47 On July 1 of each year there is appropriated from  
48 the general fund of the state to each university under  
49 the control of the state board of regents, an amount  
50 equal to the amount determined by the department of

1 economic development pursuant to section 262B.11,  
2 subsection 4, paragraph "c", subparagraph (2), if  
3 enacted by 2003 Iowa Acts, House File 692 or another  
4 Act.

5 DIVISION XI

6 ENDOW IOWA TAX CREDIT

7 Sec. \_\_\_\_ . NEW SECTION. 15E.305 ENDOW IOWA TAX  
8 CREDIT.

9 1. For tax years beginning on or after January 1,  
10 2003, a tax credit shall be allowed against the taxes  
11 imposed in chapter 422, divisions II, III, and V, and  
12 in chapter 432, and against the moneys and credits tax  
13 imposed in section 533.24 equal to twenty percent of a  
14 taxpayer's endowment gift to a qualified community  
15 foundation. An individual may claim a tax credit  
16 under this section of a partnership, limited liability  
17 company, S corporation, estate, or trust electing to  
18 have income taxed directly to the individual. The  
19 amount claimed by the individual shall be based upon  
20 the pro rata share of the individual's earnings from  
21 the partnership, limited liability company, S  
22 corporation, estate, or trust. A tax credit shall be  
23 allowed only for an endowment gift made to a qualified  
24 community foundation for a permanent endowment fund  
25 established to benefit a charitable cause in this  
26 state. Any tax credit in excess of the taxpayer's tax  
27 liability for the tax year may be credited to the tax  
28 liability for the following five years or until  
29 depleted, whichever occurs first. A tax credit shall  
30 not be carried back to a tax year prior to the tax  
31 year in which the taxpayer claims the tax credit.

32 2. The aggregate amount of tax credits authorized  
33 pursuant to this section shall not exceed a total of  
34 two million dollars. The maximum amount of tax  
35 credits granted to a taxpayer shall not exceed five  
36 percent of the aggregate amount of tax credits  
37 authorized.

38 3. A tax credit shall not be transferable to any  
39 other taxpayer.

40 4. A tax credit shall not be authorized pursuant  
41 to this section after December 31, 2005.

42 5. The department shall develop a system for  
43 registration and authorization of tax credits under  
44 this section and shall control the distribution of all  
45 tax credits to taxpayers providing an endowment gift  
46 subject to this section. The department shall adopt  
47 administrative rules pursuant to chapter 17A for the  
48 qualification and administration of endowment gifts.

49 Sec. \_\_\_\_ . NEW SECTION. 422.11H ENDOW IOWA TAX  
50 CREDIT.

1 The tax imposed under this division, less the  
2 credits allowed under sections 422.12 and 422.12B,  
3 shall be reduced by an endow Iowa tax credit  
4 authorized pursuant to section 15E.305.

5 Sec. \_\_\_\_\_. Section 422.33, Code 2003, is amended by  
6 adding the following new subsection:

7 NEW SUBSECTION. 14. The taxes imposed under this  
8 division shall be reduced by an endow Iowa tax credit  
9 authorized pursuant to section 15E.305.

10 Sec. \_\_\_\_\_. Section 422.60, Code 2003, is amended by  
11 adding the following new subsection:

12 NEW SUBSECTION. 7. The taxes imposed under this  
13 division shall be reduced by an endow Iowa tax credit  
14 authorized pursuant to section 15E.305.

15 Sec. \_\_\_\_\_. NEW SECTION. 432.12D ENDOW IOWA TAX  
16 CREDIT.

17 The tax imposed under this chapter shall be reduced  
18 by an endow Iowa tax credit authorized pursuant to  
19 section 15E.305.

20 Sec. \_\_\_\_\_. Section 533.24, Code 2003, is amended by  
21 adding the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. The moneys and credits  
23 tax imposed under this section shall be reduced by an  
24 endow Iowa tax credit authorized pursuant to section  
25 15E.305.

26 Sec. \_\_\_\_\_. EFFECTIVE AND RETROACTIVE APPLICABILITY  
27 DATES. This division of this Act, being deemed of  
28 immediate importance, takes effect upon enactment and  
29 is retroactively applicable to January 1, 2003, for  
30 tax years beginning on or after that date.

#### 31 DIVISION XII

#### 32 REHABILITATION PROJECT TAX CREDITS

33 Sec. \_\_\_\_\_. Section 404A.4, subsection 4, Code 2003,  
34 is amended to read as follows:

35 4. The total amount of tax credits that may be  
36 approved for a fiscal year under this chapter shall  
37 not exceed two million four hundred thousand dollars.  
38 For the fiscal years beginning July 1, 2005, and July  
39 1, 2006, an additional five hundred thousand dollars  
40 of tax credits may be approved each fiscal year for  
41 purposes of projects located in cultural and  
42 entertainment districts certified pursuant to section  
43 303.3B, if enacted by 2003 Iowa Acts, House File 692  
44 or another Act. Any of the additional tax credits  
45 allocated for projects located in certified cultural  
46 and entertainment districts that are not approved  
47 during a fiscal year may be carried over to the  
48 succeeding fiscal year. Tax credit certificates shall  
49 be issued on the basis of the earliest awarding of  
50 certifications of completion as provided in subsection



1 1. The departments of economic development and  
2 revenue and finance shall each adopt rules to jointly  
3 administer this subsection and shall provide by rule  
4 for the method to be used to determine for which  
5 fiscal year the tax credits are approved."

6 11. Page 44, by striking lines 10 through 12 and  
7 inserting the following: "rebuild Iowa infrastructure  
8 fund to the secure an advanced vision for education  
9 fund created in section 422E.3A, for".

10 12. Page 44, by striking lines 23 through 25 and  
11 inserting the following: "streamlined sales and use  
12 tax agreement to the secure an advanced vision for  
13 education fund created in section 422E.3A, the".

14 13. Page 119, line 5, by striking the figure "15"  
15 and inserting the following: "14".

16 14. By striking page 155, line 14, through page  
17 161, line 17.

18 15. Page 161, by inserting before line 18 the  
19 following:

20 "DIVISION

21 CAPITOL COMPLEX PARKING STRUCTURE

22 Sec. \_\_\_\_ . NEW SECTION. 18A.8 CAPITOL COMPLEX  
23 PARKING STRUCTURE REVOLVING FUND.

24 A capitol complex parking structure revolving fund  
25 is created in the state treasury. The capitol complex  
26 parking structure revolving fund shall be administered  
27 by the department of administrative services and shall  
28 consist of moneys collected by the department as  
29 parking fees, moneys appropriated to the fund by the  
30 general assembly, and any other moneys obtained or  
31 accepted by the department for deposit in the  
32 revolving fund. The proceeds of the revolving fund  
33 are appropriated to and shall be used by the  
34 department for costs associated with the management,  
35 operation, and maintenance of the capitol complex  
36 parking structure located at the intersection of  
37 Pennsylvania and Grand avenues in Des Moines. The  
38 department shall submit an annual report not later  
39 than January 31 to the members of the general assembly  
40 and the legislative services agency, of the activities  
41 funded by and expenditures made from the revolving  
42 fund during the preceding fiscal year. Section 8.33  
43 does not apply to any moneys in the revolving fund  
44 and, notwithstanding section 12C.7, subsection 2,  
45 earnings or interest on moneys deposited in the  
46 revolving fund shall be credited to the revolving  
47 fund.

48 Sec. \_\_\_\_ . CAPITOL COMPLEX PARKING STRUCTURE  
49 MANAGEMENT -- REQUEST FOR PROPOSALS. The department  
50 of administrative services shall issue a request for

1 proposals for the management, operation, and  
2 maintenance of the state-owned parking structure  
3 located at the intersection of Pennsylvania and Grand  
4 avenues in Des Moines. The request for proposals  
5 shall include all of the following services:  
6 1. The collection of parking fees and  
7 administration of parking permits.  
8 2. Daily janitorial maintenance and necessary  
9 annual maintenance, pursuant to standards outlined in  
10 the parking garage maintenance manual published by the  
11 parking consultants council of the national parking  
12 association.  
13 3. Long-term structural maintenance.  
14 Awarding of a contract for the management,  
15 operation, and maintenance of the parking structure is  
16 subject to approval by the general assembly.  
17 Sec. \_\_\_\_ . CAPITOL COMPLEX PARKING STRUCTURE --  
18 EMPLOYEE PARKING FEES. The department of  
19 administrative services shall establish reasonable  
20 parking fees for state employees for the use of the  
21 state-owned parking structure located at the  
22 intersection of Pennsylvania and Grand avenues in Des  
23 Moines. Parking fees shall not be established or  
24 collected for use of the parking structure by members  
25 of the general public. Such fees shall be deposited  
26 in the capitol complex parking structure revolving  
27 fund created in section 18A.8, as enacted by this  
28 Act."  
29 16. By renumbering, relettering, or redesignating  
30 and correcting internal references as necessary.

31 ~~Senate~~ Senate  
32 Concurred 6/4/03  
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HOUSE FILE 683

H-3410

1 Amend the Senate amendment, H-1615, to House File  
 2 692, as amended, passed, and reprinted by the House,  
 3 as follows:  
 4 1. Page 5, line 23, by striking the word "or".  
 5 2. By striking page 23, line 23, through page 24,  
 6 line 14, and inserting the following:  
 7 "a. On all taxable income from  
 8 zero through one thousand dollars,  
 9 ~~thirty-six-hundredths-of-one~~  
 10 percent: ..... .35% .34% .32%

11 b. On all taxable income exceeding  
 12 one thousand dollars but not  
 13 exceeding two thousand dollars,  
 14 ~~seventy-two-hundredths-of-one~~  
 15 percent: ..... .70% .68% .65%

16 c. On all taxable income exceeding  
 17 two thousand dollars but not  
 18 exceeding four thousand dollars,  
 19 ~~two-and-forty-three-hundredths~~  
 20 percent: ..... 2.36% 2.30% 2.19%

21 d. On all taxable income exceeding  
 22 four thousand dollars but not  
 23 exceeding nine thousand dollars,  
 24 ~~four-and-one-half-percent~~: ..... 4.37% 4.27% 4.05%

25 e. On all taxable income exceeding  
 26 nine thousand dollars but not  
 27 exceeding fifteen thousand  
 28 dollars, ~~six-and-twelve-hundredths~~  
 29 percent: ..... 5.94% 5.80% 5.51%

30 f. On all taxable income exceeding  
 31 fifteen thousand dollars but not  
 32 exceeding twenty thousand  
 33 dollars, ~~six-and-forty-eight-hundredths~~  
 34 percent: ..... 6.29% 6.14% 5.84%

35 g. On all taxable income exceeding  
 36 twenty thousand dollars but not  
 37 exceeding thirty thousand  
 38 dollars, ~~six-and-eight-tenths~~  
 39 percent: ..... 6.60% 6.45% 6.13%

40 h. On all taxable income exceeding  
 41 thirty thousand dollars but not  
 42 exceeding forty-five thousand  
 43 dollars, ~~seven-and-ninety-two-hundredths~~  
 44 percent: ..... 7.68% 7.51% 7.14%

45 i. On all taxable income exceeding  
 46 forty-five thousand dollars, ~~eight~~  
 47 ~~and-ninety-eight-hundredths~~  
 48 percent: ..... 8.71% 8.51% 8.09%"

49 3. By striking page 24, line 28, through page 25,  
 50 line 19, and inserting the following:

6/4/03 - Senate concurred

1 "a. On all taxable income from  
2 zero through one thousand dollars,  
3 ~~thirty-six-hundredths-of-one~~  
4 ~~percent~~: ..... .31%  
5 b. On all taxable income exceeding  
6 one thousand dollars but not  
7 exceeding two thousand dollars,  
8 ~~seventy-two-hundredths-of-one~~  
9 ~~percent~~: ..... .62%  
10 c. On all taxable income exceeding  
11 two thousand dollars but not  
12 exceeding four thousand dollars,  
13 ~~two-and-forty-three-hundredths~~  
14 ~~percent~~: ..... 2.09%  
15 d. On all taxable income exceeding  
16 four thousand dollars but not  
17 exceeding nine thousand dollars,  
18 ~~four-and-one-half-percent~~: ..... 3.87%  
19 e. On all taxable income exceeding  
20 nine thousand dollars but not  
21 exceeding fifteen thousand  
22 dollars,  
23 ~~six-and-twelve-hundredths~~  
24 ~~percent~~: ..... 5.26%  
25 f. On all taxable income exceeding  
26 fifteen thousand dollars but not  
27 exceeding twenty thousand  
28 dollars,  
29 ~~six-and-forty-eight-hundredths~~  
30 ~~percent~~: ..... 5.57%  
31 g. On all taxable income exceeding  
32 twenty thousand dollars but not  
33 exceeding thirty thousand  
34 dollars,  
35 ~~six-and-eight-tenths~~  
36 ~~percent~~: ..... 5.84%  
37 h. On all taxable income exceeding  
38 thirty thousand dollars but not  
39 exceeding forty-five thousand  
40 dollars,  
41 ~~seven-and-ninety-two-hundredths~~  
42 ~~percent~~: ..... 6.80%  
43 i. On all taxable income exceeding  
44 forty-five thousand dollars,  
45 ~~eight~~  
46 ~~and-ninety-eight-hundredths~~  
47 ~~percent~~: ..... 7.71%  
48 4. Page 26, line 12, by striking the words "two  
49 and five" and inserting the following: "one and  
50 eighty-five".  
51 5. Page 26, line 15, by striking the word "sixty-  
52 five" and inserting the following: "seventy-five".  
53 6. Page 26, line 17, by striking the word "nine-  
54 tenths" and inserting the following: "ninety-nine  
55 hundredths".

1 7. By striking page 39, line 5 through page 65,  
2 line 1 and inserting the following:

3 "DIVISION

4 GROW IOWA VALUES BOARD AND FUND

5 Sec. \_\_\_\_\_. Section 15.108, subsection 9, Code 2003,  
6 is amended by adding the following new paragraph:  
7 NEW PARAGRAPH. g. Administer the marketing  
8 strategy selected pursuant to section 15G.108.

9 Sec. \_\_\_\_\_. NEW SECTION. 15G.101 DEFINITIONS.  
10 As used in this chapter, unless the context  
11 otherwise requires:

12 1. "Board" means the grow Iowa values board  
13 established in section 15G.102.

14 2. "Department" means the Iowa department of  
15 economic development created in section 15.105.

16 3. "Director" means the director of the department  
17 of economic development.

18 4. "Fund" means the grow Iowa values fund created  
19 in section 15G.107.

20 5. "Grow Iowa values geographic regions" means the  
21 geographic regions defined in section 15G.105.

22 Sec. \_\_\_\_\_. NEW SECTION. 15G.102 GROW IOWA VALUES  
23 BOARD.

24 1. The grow Iowa values board is established  
25 consisting of eleven voting members and four ex  
26 officio, nonvoting members. The grow Iowa values  
27 board shall be located for administrative purposes  
28 within the department and the director shall provide  
29 office space, staff assistance, and necessary supplies  
30 and equipment for the board. The director shall  
31 budget moneys to pay the compensation and expenses of  
32 the board. In performing its functions, the board is  
33 performing a public function on behalf of the state  
34 and is a public instrumentality of the state.

35 2. a. The eleven voting members of the board  
36 shall be appointed by the governor, subject to  
37 confirmation by the senate.

38 b. The four ex officio, nonvoting members shall be  
39 appointed as follows:

40 (1) One member appointed by the president of the  
41 senate.

42 (2) One member appointed by the minority leader of  
43 the senate.

44 (3) One member appointed by the speaker of the  
45 house of representatives.

46 (4) One member appointed by the minority leader of  
47 the house of representatives.

48 c. All appointments shall comply with sections  
49 69.16 and 69.16A.

50 d. At least one member of the board shall be from

1 each grow Iowa values geographic region.

2 e. Each of the following areas of expertise shall  
3 be represented by at least one member of the board who  
4 has professional experience in that area of expertise:

- 5 (1) Finance and investment banking.
- 6 (2) Advanced manufacturing.
- 7 (3) Statewide agriculture.
- 8 (4) Life sciences.
- 9 (5) Small business development.
- 10 (6) Information technology.
- 11 (7) Economics.
- 12 (8) Labor.
- 13 (9) Marketing.
- 14 (10) Entrepreneurship.

15 f. At least nine voting members of the board shall  
16 be actively employed in the private, for-profit sector  
17 of the economy.

18 g. The board membership shall be balanced between  
19 representation by employers with less than two hundred  
20 employees and employers with two hundred or more  
21 employees.

22 3. The chairperson and vice chairperson shall be  
23 elected by the voting members of the board from the  
24 membership of the board. In the case of the absence  
25 or disability of the chairperson and vice chairperson,  
26 the voting members of the board shall elect a  
27 temporary chairperson by a majority vote of those  
28 voting members who are present and voting, provided a  
29 quorum is present.

30 4. The members of the board shall be appointed to  
31 three-year staggered terms and the terms shall  
32 commence and end as provided in section 69.19. If a  
33 vacancy occurs, a successor shall be appointed in the  
34 same manner and subject to the same qualifications as  
35 the original appointment to serve the unexpired term.

36 5. A majority of the voting members of the board  
37 constitutes a quorum.

38 6. A member of the board shall abstain from voting  
39 on the provision of financial assistance to a project  
40 which is located in the county in which the member of  
41 the board resides.

42 7. The members of the board are entitled to  
43 receive reimbursement for actual expenses incurred  
44 while engaged in the performance of official duties.  
45 A board member may also be eligible to receive  
46 compensation as provided in section 7E.6.

47 Sec. \_\_\_\_ . NEW SECTION. 15G.103 BOARD DUTIES.

48 The board shall do all of the following:

- 49 1. Organize.
- 50 2. Receive advice and recommendations from the due

1 diligence committee, the economic development  
2 marketing board, and the grow Iowa values review  
3 commission.

4 3. Assist the department in implementing programs  
5 and activities in a manner designed to achieve the  
6 goals set out in section 15G.106.

7 4. By December 15 of each year, submit a written  
8 report to the general assembly reviewing the  
9 activities of the board during the calendar year. The  
10 report shall include information necessary for the  
11 review of the goals and performance measures set out  
12 in section 15G.106. State agencies and other entities  
13 receiving moneys from the fund shall cooperate with  
14 and assist the board in compilation of the report.

15 5. Adopt administrative rules pursuant to chapter  
16 17A necessary to administer this chapter. This  
17 delegation shall be construed narrowly.

18 6. Adopt a strategic plan pursuant to section  
19 8E.204 by July 1, 2004.

20 Sec. \_\_\_\_\_. NEW SECTION. 15G.104 DUE DILIGENCE  
21 COMMITTEE.

22 1. A due diligence committee is established  
23 consisting of five members and is located for  
24 administrative purposes within the department. The  
25 director of the department shall provide office space,  
26 staff assistance, and necessary supplies and equipment  
27 for the committee. The director shall budget moneys  
28 to pay the compensation and expenses of the committee.  
29 In performing its functions, the committee is  
30 performing a public function on behalf of the state  
31 and is a public instrumentality of the state.

32 2. a. Membership of the due diligence committee  
33 shall consist of five voting members of the grow Iowa  
34 values board elected annually by the voting members of  
35 the board. Committee members shall have expertise in  
36 the areas of banking and entrepreneurship.

37 b. The chairperson and vice chairperson of the  
38 committee shall be elected by and from the committee  
39 members. The terms of the members shall commence and  
40 end as provided by section 69.19. If a vacancy  
41 occurs, a successor shall be appointed in the same  
42 manner and subject to the same qualifications as the  
43 original appointment to serve the unexpired term. A  
44 majority of the committee constitutes a quorum.

45 3. The committee, after a thorough review, shall  
46 determine whether a proposed project using moneys from  
47 the grow Iowa values fund is practical and shall  
48 provide recommendations to the grow Iowa values board  
49 regarding any moneys proposed to be expended from the  
50 grow Iowa values fund, with the exception of moneys

1 appropriated for purposes of the loan and credit  
2 guarantee program and regarding whether a proposed  
3 project is practical. The recommendations shall be  
4 based on whether the expenditure would make the  
5 achievement of the goals in accordance with the  
6 performance measures set out in section 15G.106 more  
7 likely. The recommendations may include conditions or  
8 that a proposed expenditure be rejected.

9 4. The members of the committee are entitled to  
10 receive reimbursement for actual expenses incurred  
11 while engaged in the performance of official duties.  
12 A committee member may also be eligible to receive  
13 compensation as provided in section 7E.6.

14 Sec.         . NEW SECTION. 15G.104A GROW IOWA VALUES  
15 REVIEW COMMISSION.

16 1. A grow Iowa values review commission is  
17 established consisting of three members and is located  
18 for administrative purposes within the office of the  
19 auditor of state. The auditor of state shall provide  
20 office space, staff assistance, and necessary supplies  
21 and equipment for the review commission. The auditor  
22 of state shall budget moneys to pay the compensation  
23 and expenses of the commission, including the actual  
24 expenses of the auditor of state incurred while  
25 engaged in the performance of official commission  
26 duties. In performing its functions, the review  
27 commission is performing a public function on behalf  
28 of the state and is a public instrumentality of the  
29 state.

30 2. Membership of the review commission shall  
31 include the auditor of state, one member appointed by  
32 the governor subject to confirmation by the senate,  
33 and one member appointed by the legislative council.  
34 The members appointed by the governor and the  
35 legislative council shall possess experience and  
36 expertise in the field of economics. The appointments  
37 shall comply with sections 69.16 and 69.16A. The  
38 chairperson of the review commission shall be the  
39 auditor of state. The members shall be appointed to  
40 three-year staggered terms and the terms shall  
41 commence and end as provided by section 69.19. If a  
42 vacancy occurs, a successor shall be appointed in the  
43 same manner and subject to the same qualifications as  
44 the original appointment to serve the unexpired term.  
45 A majority of the review commission constitutes a  
46 quorum.

47 3. The review commission shall analyze all annual  
48 reports of the grow Iowa values board for purposes of  
49 determining if the goals and performance measures set  
50 out in section 15G.106 have been met. By January 1,



1 2007, the review commission shall submit a report to  
2 the grow Iowa values board, the department, and the  
3 general assembly. The report shall include findings,  
4 itemized by grow Iowa values geographic regions,  
5 regarding whether the goals and performance measures  
6 were met. The report shall also include  
7 recommendations regarding the continuation,  
8 elimination, or modification of any programs receiving  
9 moneys from the grow Iowa values fund and whether  
10 moneys should continue to be appropriated to and from  
11 the grow Iowa values fund. The recommendations shall  
12 be based on whether the goals in accordance with the  
13 performance measures are being achieved.

14 4. The members of the commission, including the  
15 auditor of state, are entitled to receive  
16 reimbursement for actual expenses incurred while  
17 engaged in the performance of official duties. A  
18 commission member may also be eligible to receive  
19 compensation as provided in section 7E.6.

20 Sec. \_\_\_\_ . NEW SECTION. 15G.105 GROW IOWA VALUES  
21 GEOGRAPHIC REGIONS.

22 For purposes of applying the goals and performance  
23 measurements, the state shall be divided into five  
24 grow Iowa values geographic regions. The regions  
25 shall be the following:

26 1. The northwest region shall include the counties  
27 of Lyon, Osceola, Dickinson, Emmet, Kossuth,  
28 Winnebago, Sioux, O'Brien, Clay, Palo Alto, Hancock,  
29 Plymouth, Cherokee, Buena Vista, Pocahontas, Humboldt,  
30 Wright, Woodbury, Ida, Sac, Calhoun, Webster, and  
31 Hamilton.

32 2. The northeast region shall include the counties  
33 of Worth, Mitchell, Howard, Winneshiek, Allamakee,  
34 Cerro Gordo, Floyd, Chickasaw, Fayette, Clayton,  
35 Franklin, Butler, Bremer, Hardin, Grundy, Black Hawk,  
36 Buchanan, Delaware, Dubuque, Tama, Benton, Linn,  
37 Jones, and Jackson.

38 3. The southeast region shall include the counties  
39 of Poweshiek, Iowa, Johnson, Cedar, Clinton, Scott,  
40 Muscatine, Mahaska, Keokuk, Washington, Louisa,  
41 Monroe, Wapello, Jefferson, Henry, Des Moines,  
42 Appanoose, Davis, Van Buren, and Lee.

43 4. The southwest region shall include the counties  
44 of Monona, Crawford, Carroll, Greene, Harrison,  
45 Shelby, Audubon, Guthrie, Pottawattamie, Cass, Adair,  
46 Mills, Montgomery, Adams, Union, Clarke, Lucas,  
47 Fremont, Page, Taylor, Ringgold, Decatur, and Wayne.

48 5. The central region shall include the counties  
49 of Boone, Story, Marshall, Dallas, Polk, Jasper,  
50 Madison, Warren, and Marion.

1       Sec. \_\_\_\_ . NEW SECTION. 15G.106 GOALS --  
2 PERFORMANCE MEASURES.

3       1. In performing the duties provided in this  
4 chapter, chapter 15, and chapter 15E, the grow Iowa  
5 values board, the due diligence committee, the  
6 economic development marketing board, the grow Iowa  
7 values review commission, and the department shall  
8 achieve the goals of expanding and stimulating the  
9 state economy, increasing the wealth of Iowans, and  
10 increasing the population of the state. For purposes  
11 of this section, "upper midwest region" includes the  
12 states of Iowa, Kansas, Minnesota, Missouri, Nebraska,  
13 North Dakota, and South Dakota.

14       2. Goal achievement shall be examined on a  
15 regional basis using the grow Iowa values geographic  
16 regions on a statewide basis. Family farm performance  
17 indicators shall be calculated separately. The  
18 performance of the grow Iowa values geographic regions  
19 shall be compared to the performance of the state, the  
20 upper midwest region, and the United States. The  
21 baseline year shall be the calendar year 2002. In  
22 each grow Iowa values geographic region, the goal  
23 shall be to increase the baseline performance measure  
24 of Iowa's gross state product at a rate equal to or  
25 greater than the national economy.

26       3. a. In determining whether the goal of  
27 expanding and stimulating the state economy has been  
28 met, and using the calendar year 2002 as a baseline,  
29 performance measures shall be considered, including  
30 but not limited to the following, on a statewide basis  
31 or of those businesses that receive moneys originating  
32 from the grow Iowa values fund, as appropriate:

- 33       (1) A net increase in a business's supplier  
34 network.  
35       (2) A net increase in business start-ups.  
36       (3) A net increase in business expansion.  
37       (4) A net increase in business modernization.  
38       (5) A net increase in attracting new businesses to  
39 the state.  
40       (6) A net increase in business retention.  
41       (7) A net increase in job creation and retention.  
42       (8) A decrease in Iowa of the ratio of the  
43 government employment as a percentage share of the  
44 total employment in Iowa at a rate at least equal to  
45 the ratio of the upper midwest region.

46       b. By December 15 of each year, the department  
47 shall submit a report to the grow Iowa values review  
48 commission and the grow Iowa values board that  
49 identifies information pertinent to the performance  
50 measures in paragraph "a", subparagraphs (3), (4), and

1 (6), that the department gains through interviews with  
2 businesses in the state that close all or a portion of  
3 operations in the state. By December 15 of each year,  
4 based on the same interviews, the department shall  
5 submit a report to the general assembly providing  
6 suggested amendments to the Code of Iowa and the Iowa  
7 administrative code designed to stimulate and expand  
8 the state's economy.

9 c. By December 15 of each year the department  
10 shall submit a report to the grow Iowa values review  
11 commission and the grow Iowa values board that  
12 identifies prospective lost business development  
13 opportunities information pertinent to the performance  
14 measures in paragraph "a", subparagraphs (2) and (5),  
15 which indicate that the state has not been successful  
16 in the performance measures in paragraph "a",  
17 subparagraphs (2) and (5).

18 d. For purposes of the performance measure in  
19 paragraph "a", subparagraph (7), the department of  
20 economic development, in consultation with the  
21 department of workforce development and the auditor of  
22 state, shall determine average annual job creation and  
23 retention rates based on the ten years prior to 2003,  
24 for the state and the upper midwest region. During  
25 the fiscal years beginning July 1, 2003, July 1, 2004,  
26 and July 1, 2005, the department of economic  
27 development shall report the job creation and  
28 retention rate of those businesses that receive moneys  
29 originating from the grow Iowa values fund and the job  
30 creation and retention rate of those businesses that  
31 do not receive moneys originating from the grow Iowa  
32 values fund. The ten-year average annual job creation  
33 and retention rate shall be compared to the job  
34 creation and retention rates determined under this  
35 paragraph for the fiscal years beginning July 1, 2003,  
36 July 1, 2004, and July 1, 2005. The department of  
37 economic development shall assist the department of  
38 workforce development in maintaining detailed  
39 employment statistics on businesses that receive  
40 moneys originating from the grow Iowa values fund, on  
41 businesses that do not receive moneys originating from  
42 the grow Iowa values fund, and on industries in Iowa  
43 that those businesses represent. The auditor of state  
44 shall audit the reliability and validity of the  
45 statistics compiled pursuant to this paragraph.

46 4. In determining whether the goal of increasing  
47 the wealth of Iowans has been met, the following  
48 earning performance measures shall be considered:

49 a. The per capita personal income in Iowa shall  
50 equal or exceed the average per capita personal income

1 for the upper midwest region.

2 b. The average earnings per job in Iowa shall  
3 equal or exceed the average earnings per job in the  
4 upper midwest region.

5 c. The average manufacturing earnings per employee  
6 in Iowa shall equal or exceed the average  
7 manufacturing earnings per employee in the upper  
8 midwest region.

9 d. The average service earnings per employee in  
10 Iowa shall equal or exceed the average service  
11 earnings per employee in the upper midwest region.

12 e. The average earnings per employee in the  
13 financial, insurance, and real estate industries in  
14 Iowa shall equal or exceed the average earnings per  
15 employee in the financial, insurance, and real estate  
16 industries in the upper midwest region.

17 5. In determining whether the goal of increasing  
18 the population of the state has been met, the  
19 following performance measures shall be considered:

20 a. Using the calendar year 2002 as a baseline  
21 year, a net increase in the retention of Iowa high  
22 school graduates that are employed in the Iowa  
23 workforce following a higher education degree.

24 b. The increase in higher education graduates.

25 Sec. \_\_\_\_ . NEW SECTION. 15G.107 GROW IOWA VALUES  
26 FUND.

27 A grow Iowa values fund is created in the state  
28 treasury under the control of the grow Iowa values  
29 board consisting of moneys appropriated to the grow  
30 Iowa values board. Moneys in the fund are not subject  
31 to section 8.33. Notwithstanding section 12C.7,  
32 interest or earnings on moneys in the fund shall be  
33 credited to the fund. The fund shall be administered  
34 by the grow Iowa values board, which shall make  
35 expenditures from the fund consistent with this  
36 chapter and pertinent Acts of the general assembly.  
37 Any financial assistance provided using moneys from  
38 the fund may be provided over a period of time of more  
39 than one year. Payments of interest, repayments of  
40 moneys loaned pursuant to this chapter, and recaptures  
41 of grants or loans shall be deposited in the fund.

42 Sec. \_\_\_\_ . NEW SECTION. 15G.108 ECONOMIC  
43 DEVELOPMENT MARKETING BOARD -- MARKETING STRATEGIES.

44 1. a. An economic development marketing board is  
45 established consisting of seven members and is located  
46 for administrative purposes within the department.  
47 The director of the department shall provide office  
48 space, staff assistance, and necessary supplies and  
49 equipment for the board. The director shall budget  
50 moneys to pay the compensation and expenses of the

1 board. In performing its functions, the board is  
2 performing a public function on behalf of the state  
3 and is a public instrumentality of the state.

4 b. The membership of the board shall consist of  
5 seven members appointed by the governor, subject to  
6 confirmation by the senate. Five of the members shall  
7 have significant demonstrated experience in marketing  
8 or advertising. Two members of the board shall also  
9 be members of the grow Iowa values board.

10 c. The appointments shall comply with sections  
11 69.16 and 69.16A.

12 d. The chairperson and vice chairperson of the  
13 board shall be elected by and from the board members.  
14 In case of the absence or disability of the  
15 chairperson and vice chairperson, the members of the  
16 board shall elect a temporary chairperson by a  
17 majority vote of those members who are present and  
18 voting.

19 e. The members shall be appointed to three-year  
20 staggered terms and the terms shall commence and end  
21 as provided by section 69.19. If a vacancy occurs, a  
22 successor shall be appointed to serve the unexpired  
23 term. A successor shall be appointed in the same  
24 manner and subject to the same qualifications as the  
25 original appointment to serve the unexpired term.

26 f. A majority of the board constitutes a quorum.

27 2. The board shall administer and implement the  
28 approval process for marketing strategies provided in  
29 subsection 3.

30 3. The economic development marketing board shall  
31 accept proposals for marketing strategies for purposes  
32 of selecting a strategy for the department to  
33 administer. The marketing strategies shall be  
34 designed to market Iowa as a lifestyle, increase the  
35 population of the state, increase the wealth of  
36 Iowans, and expand and stimulate the state economy.  
37 The economic development marketing board shall submit  
38 a recommendation regarding the proposal to the grow  
39 Iowa values board. In selecting a marketing strategy  
40 for recommendation, the economic development marketing  
41 board shall base the selection on the goals and  
42 performance measures provided in section 15G.106. The  
43 grow Iowa values board shall either approve or deny  
44 the recommendation.

45 4. The department shall implement and administer  
46 the marketing strategy approved by the grow Iowa  
47 values board as provided in subsection 3. The  
48 department shall provide the economic development  
49 marketing board with assistance in implementing  
50 administrative functions of the board and provide

1 technical assistance to the board.

2 5. The members of the board are entitled to  
3 receive reimbursement for actual expenses incurred  
4 while engaged in the performance of official duties.  
5 A board member may also be eligible to receive  
6 compensation as provided in section 7E.6.

7 Sec. \_\_\_\_ . NEW SECTION. 15G.109 FUTURE  
8 CONSIDERATION.

9 Not later than February 1, 2007, the legislative  
10 services agency shall prepare and deliver to the  
11 secretary of the senate and the chief clerk of the  
12 house of representatives identical bills that repeal  
13 the provisions of this chapter. It is the intent of  
14 this section that the general assembly shall bring the  
15 bill to a vote in either the senate or the house of  
16 representatives expeditiously. It is further the  
17 intent of this chapter that if the bill is approved by  
18 the first house in which it is considered, it shall  
19 expeditiously be brought to a vote in the second  
20 house.

21 DIVISION

22 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES  
23 FINANCIAL ASSISTANCE PROGRAM

24 Sec. \_\_\_\_ . Section 15E.111, subsection 1, Code  
25 2003, is amended to read as follows:

26 1. a. The department shall establish a value-  
27 added agricultural products and processes financial  
28 assistance program. The department shall consult with  
29 ~~the-Iowa-corn-growers-association-and-the-Iowa-soybean~~  
30 association Iowa commodity groups. The purpose of the  
31 program is to encourage the increased utilization of  
32 agricultural commodities produced in this state. The  
33 program shall assist in efforts to revitalize rural  
34 regions of this state, by committing resources to  
35 provide financial assistance to new or existing value-  
36 added production facilities. The department of  
37 economic development may consult with other state  
38 agencies regarding any possible future environmental,  
39 health, or safety issues linked to technology related  
40 to the biotechnology industry. In awarding financial  
41 assistance, the department shall prefer producer-  
42 owned, value-added businesses and public and private  
43 joint ventures involving an institution of higher  
44 learning under the control of the state board of  
45 regents or a private college or university acquiring  
46 assets, research facilities, and leveraging moneys in  
47 a manner that meets the goals of the grow Iowa values  
48 fund and shall commit resources to assist the  
49 following:

50 a- (1) Facilities which are involved in the

1 development of new innovative products and processes  
2 related to agriculture. The facility must do either  
3 of the following: produce a good derived from an  
4 agricultural commodity, if the good is not commonly  
5 produced from an agricultural commodity; or use a  
6 process to produce a good derived from an agricultural  
7 process, if the process is not commonly used to  
8 produce the good.

9 b- (2) Renewable fuel production facilities. As  
10 used in this section, "renewable fuel" means an energy  
11 source which is derived from an organic compound  
12 capable of powering machinery, including an engine or  
13 power plant.

14 (3) Agricultural business facilities in the  
15 agricultural biotechnology industry, agricultural  
16 biomass industry, and alternative energy industry.  
17 For purposes of this subsection:

18 (a) "Agricultural biomass industry" means  
19 businesses that utilize agricultural commodity crops,  
20 agricultural by-products, or animal feedstock in the  
21 production of chemicals, protein products, or other  
22 high-value products.

23 (b) "Agricultural biotechnology industry" means  
24 businesses that utilize scientifically enhanced plants  
25 or animals that can be raised by producers and used in  
26 the production of high-value products.

27 (c) "Alternative energy industry" includes  
28 businesses involved in the production of ethanol,  
29 including gasoline with a mixture of seventy percent  
30 or more ethanol, biodiesel, biomass, hydrogen, or in  
31 the production of wind energy.

32 (4) Facilities that add value to Iowa agricultural  
33 commodities through further processing and development  
34 of organic products and emerging markets.

35 (5) Producer-owned, value-added businesses,  
36 education of producers and management boards in value-  
37 added businesses, and other activities that would  
38 support the infrastructure in the development of  
39 value-added agriculture. Public and private joint  
40 ventures involving an institution of higher learning  
41 under the control of the state board of regents or a  
42 private college or university to acquire assets,  
43 research facilities, and leverage moneys in a manner  
44 that meets the goals of the grow Iowa values fund.  
45 For purposes of this subsection, "producer-owned,  
46 valued-added business" means a person who holds an  
47 equity interest in the agricultural business and is  
48 personally involved in the production of crops or  
49 livestock on a regular, continuous, and substantial  
50 basis.

1 b. Financial assistance awarded under this section  
2 may be in the form of a loan, loan guarantee, grant,  
3 production incentive payment, or a combination of  
4 financial assistance. The department shall not award  
5 more than twenty-five percent of the amount allocated  
6 to the value-added agricultural products and processes  
7 financial assistance fund during any fiscal year to  
8 support a single person. The department may finance  
9 any size of facility. However, the department shall  
10 may reserve up to fifty percent of the total amount  
11 allocated to the fund, for purposes of assisting  
12 persons requiring one five hundred thousand dollars or  
13 less in financial assistance. The amount shall be  
14 reserved until the end of the third quarter of the  
15 fiscal year. The department shall not provide  
16 financial assistance to support a value-added  
17 production facility if the facility or a person owning  
18 a controlling interest in the facility has  
19 demonstrated a continuous and flagrant disregard for  
20 the health and safety of its employees or the quality  
21 of the environment. Evidence of such disregard shall  
22 include a history of serious or uncorrected violations  
23 of state or federal law protecting occupational health  
24 and safety or the environment, including but not  
25 limited to serious or uncorrected violations of  
26 occupational safety and health standards enforced by  
27 the division of labor services of the department of  
28 workforce development pursuant to chapter 84A, or  
29 rules enforced by the department of natural resources  
30 pursuant to chapter 455B or 459, subchapters II and  
31 III.

32 DIVISION

33 ENDOW IOWA GRANTS

34 Sec. \_\_\_\_ . NEW SECTION. 15E.301 SHORT TITLE.

35 This division shall be known as and may be cited as  
36 the "Endow Iowa Program Act".

37 Sec. \_\_\_\_ . NEW SECTION. 15E.302 PURPOSE.

38 The purpose of this division is to enhance the  
39 quality of life for citizens of this state through  
40 increased philanthropic activity by providing capital  
41 to new and existing citizen groups of this state  
42 organized to establish endowment funds that will  
43 address community needs. The purpose of this division  
44 is also to encourage individuals, businesses, and  
45 organizations to invest in community foundations.

46 Sec. \_\_\_\_ . NEW SECTION. 15E.303 DEFINITIONS.

47 As used in this division, unless the context  
48 otherwise requires:

49 1. "Board" means the governing board of the lead  
50 philanthropic entity identified by the department



1 pursuant to section 15E.304.

2 2. "Business" means a business operating within  
3 the state and includes individuals operating a sole  
4 proprietorship or having rental, royalty, or farm  
5 income in this state and includes a consortium of  
6 businesses.

7 3. "Community affiliate organization" means a  
8 group of five or more community leaders or advocates  
9 organized for the purpose of increasing philanthropic  
10 activity in an identified community or geographic area  
11 in this state with the intention of establishing a  
12 community affiliate endowment fund.

13 4. "Endowment gift" means an irrevocable  
14 contribution to a permanent endowment held by a  
15 qualified community foundation.

16 5. "Lead philanthropic entity" means the entity  
17 identified by the department pursuant to section  
18 15E.304.

19 6. "Qualified community foundation" means a  
20 community foundation organized or operating in this  
21 state that meets or exceeds the national standards  
22 established by the national council on foundations.

23 Sec. \_\_\_\_ . NEW SECTION. 15E.304 ENDOW IOWA  
24 GRANTS.

25 1. The department shall identify a lead  
26 philanthropic entity for purposes of encouraging the  
27 development of qualified community foundations in this  
28 state. A lead philanthropic entity shall meet all of  
29 the following qualifications:

30 a. The entity shall be a nonprofit entity which is  
31 exempt from federal income taxation pursuant to  
32 section 501(c)(3) of the Internal Revenue Code.

33 b. The entity shall be a statewide organization  
34 with membership consisting of organizations, such as  
35 community, corporate, and private foundations, whose  
36 principal function is the making of grants within the  
37 state of Iowa.

38 c. The entity shall have a minimum of forty  
39 members and that membership shall include qualified  
40 community foundations.

41 2. A lead philanthropic entity may receive a grant  
42 from the department. The board shall use the grant  
43 moneys to award endow Iowa grants to new and existing  
44 qualified community foundations and to community  
45 affiliate organizations that do all of the following:

46 a. Provide the board with all information required  
47 by the board.

48 b. Demonstrate a dollar-for-dollar funding match  
49 in a form approved by the board.

50 c. Identify a qualified community foundation to

1 hold all funds. A qualified community foundation  
2 shall not be required to meet this requirement.

3 d. Provide a plan to the board demonstrating the  
4 method for distributing grant moneys received from the  
5 board to organizations within the community or  
6 geographic area as defined by the qualified community  
7 foundation or the community affiliate organization.

8 3. Endow Iowa grants awarded to new and existing  
9 qualified community foundations and to community  
10 affiliate organizations shall not exceed twenty-five  
11 thousand dollars per foundation or organization unless  
12 a foundation or organization demonstrates a multiple  
13 county or regional approach. Endow Iowa grants may be  
14 awarded on an annual basis with not more than three  
15 grants going to one county in a fiscal year.

16 4. In ranking applications for grants, the board  
17 shall consider a variety of factors including the  
18 following:

19 a. The demonstrated need for financial assistance.

20 b. The potential for future philanthropic activity  
21 in the area represented by or being considered for  
22 assistance.

23 c. The proportion of the funding match being  
24 provided.

25 d. For community affiliate organizations, the  
26 demonstrated need for the creation of a community  
27 affiliate endowment fund in the applicant's geographic  
28 area.

29 e. The identification of community needs and the  
30 manner in which additional funding will address those  
31 needs.

32 f. The geographic diversity of awards.

33 5. Of any moneys received by a lead philanthropic  
34 entity from the state, not more than five percent of  
35 such moneys shall be used by the entity for  
36 administrative purposes.

37 Sec. \_\_\_\_\_. NEW SECTION. 15E.306 REPORTS --  
38 AUDITS.

39 By January 31 of each year, the lead philanthropic  
40 entity, in cooperation with the department, shall  
41 publish an annual report of the activities conducted  
42 pursuant to this division during the previous calendar  
43 year and shall submit the report to the governor and  
44 the general assembly. The annual report shall include  
45 a listing of endowment funds and the amount of tax  
46 credits authorized by the department.

47 Sec. \_\_\_\_\_. EFFECTIVE AND RETROACTIVE APPLICABILITY  
48 DATES. This division of this Act, being deemed of  
49 immediate importance, takes effect upon enactment and  
50 is retroactively applicable to January 1, 2003, for

1 tax years beginning on or after that date.

2 DIVISION

3 COMMERCIALIZATION OF RESEARCH ISSUES

4 Sec. \_\_\_\_\_. Section 262.9, Code 2003, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 29. By January 15 of each year,  
7 submit a report to the governor, through the director  
8 of technology in the office of the governor, and the  
9 general assembly containing information from the  
10 previous calendar year regarding all of the following:

11 a. Patents secured or applied for by each  
12 university under the control of the board delineated  
13 by university and by faculty member and staff member  
14 responsible for the research or activity that resulted  
15 in the patent. In the initial report filed by January  
16 15, 2004, the board shall include an inventory of  
17 patent portfolios with details concerning which  
18 patents are creating financial benefit and the amount  
19 of financial benefit and which patents are not  
20 creating financial benefit and the amount invested in  
21 those patents.

22 b. Research grants secured by each university  
23 under the control of the board from both public and  
24 private sources delineated by university and by  
25 faculty member and staff member. The board shall also  
26 include the same information for grant applications  
27 that are denied.

28 c. The number of faculty members and staff members  
29 at each university under the control of the board  
30 involved in a start-up company.

31 d. The number of grant applications for research  
32 received by each university under the control of the  
33 board for start-up companies, the number of  
34 applications approved, and the number of applications  
35 denied.

36 e. The number of agreements entered into by  
37 faculty members and staff members at each university  
38 under the control of the board with foundations  
39 affiliated with the universities relating to business  
40 start-ups.

41 f. An accounting of the financial gain received by  
42 each university under the control of the board  
43 relating to patents sold, royalties received,  
44 licensing fees, and any other remuneration received by  
45 the university related to technology transfer.

46 g. The number of professional employees at each  
47 university under the control of the board who assist  
48 in the transfer of technology and research to  
49 commercial application.

50 Sec. \_\_\_\_\_. Section 262B.1, Code 2003, is amended to

1 read as follows:

2 262B.1 TITLE.

3 This chapter shall be known and may be cited as the  
4 ~~"University-Based-Research-and-Economic-Development~~  
5 ~~"Commercialization of Research for Iowa Act"~~.

6 Sec. \_\_\_\_ . Section 262B.2, Code 2003, is amended by  
7 striking the section and inserting in lieu thereof the  
8 following:

9 262B.2 LEGISLATIVE INTENT.

10 It is the intent of the general assembly that the  
11 three universities under the control of the state  
12 board of regents have as part of their mission the use  
13 of their universities' expertise to expand and  
14 stimulate economic growth across the state. This  
15 activity may be accomplished through a wide variety of  
16 partnerships, public and private joint ventures, and  
17 cooperative endeavors, primarily in the area of high  
18 technology, and may result in investments by the  
19 private sector for commercialization of the  
20 technology. It is imperative that the investments and  
21 job creation be in Iowa, but need not be in the  
22 proximity of the universities. The purpose is to  
23 expand and stimulate Iowa's economy, increase the  
24 wealth of Iowans, and increase the population of Iowa,  
25 which may be accomplished through research conducted  
26 within the state that will competitively position Iowa  
27 on an economic basis with other states and create  
28 high-wage, high-growth employers and jobs. It is also  
29 the intent of the general assembly that real or  
30 virtual research parks will be established and  
31 maintained by the universities in close enough  
32 proximity to the ventures that cooperation between the  
33 academic, research, and commercialization phases will  
34 be encouraged. It is the intent of the general  
35 assembly that satellites of the research parks will  
36 expand and stimulate economic growth in other areas of  
37 the state.

38 Sec. \_\_\_\_ . Section 262B.3, Code 2003, is amended to  
39 read as follows:

40 262B.3 ~~ESTABLISHMENT-OF-CONSORTIUM~~ DUTIES AND  
41 RESPONSIBILITIES.

42 1. The state board of regents or-the-universities  
43 under-its-jurisdiction, as part of its mission and  
44 strategic plan, shall establish consortiums mechanisms  
45 for the purpose of carrying out the intent of this  
46 chapter. The-majority-of-consortium-members-shall-be  
47 from-the-university-community-and-the-balance-of  
48 members-shall-be-from-private-industry.--The-members  
49 of-the-consortium-shall-be-appointed-by-the-president  
50 of-the-convening-university-and-will-serve-at-the

1 ~~pleasure-of-the-president-~~ In addition to other board  
2 initiatives, the board shall work with the department  
3 of economic development, other state agencies, and the  
4 private sector to facilitate the commercialization of  
5 research.

6 2. Activities to implement this chapter may  
7 include:

8 a. Developing strategies to market university  
9 research for commercialization in Iowa.

10 b. Matching university resources with the needs of  
11 existing Iowa firms or start-up opportunities.

12 c. Evaluating university research for  
13 commercialization potential, where relevant.

14 d. Developing a plan to improve private sector  
15 access to the university licenses and patent  
16 information and the transfer of technology from the  
17 university to the private sector.

18 e. Disseminating information on research  
19 activities of the university.

20 f. Identifying research needs of existing Iowa  
21 businesses and recommending ways in which the  
22 universities can meet these needs.

23 g. Linking research and instruction activities to  
24 economic development.

25 h. Reviewing and monitoring activities related to  
26 technology transfer.

27 i. Coordinating activities to facilitate a focus  
28 on research in the state's targeted industry clusters.

29 j. Surveying of similar activities in other states  
30 and at other universities.

31 k. Establishing a single point of contact to  
32 facilitate commercialization of research.

33 Sec. \_\_\_\_. Section 262B.5, Code 2003, is amended to  
34 read as follows:

35 262B.5 REGENTS-AND-DEPARTMENT-OF-ECONOMIC  
36 DEVELOPMENT REPORTING.

37 ~~The state board of regents and the Iowa department~~  
38 ~~of economic development shall enter into an agreement~~  
39 ~~under chapter 28E to coordinate and facilitate the~~  
40 ~~activities of the consortiums.~~ The state board of  
41 regents and with input from the Iowa department of  
42 economic development shall report annually to the  
43 governor and the general assembly concerning the  
44 ~~activities of the consortiums~~ conducted pursuant to  
45 this chapter.

46 Sec. \_\_\_\_. NEW SECTION. 262B.6 DIRECTOR OF  
47 TECHNOLOGY -- TECHNOLOGY TRANSFER AGENTS.

48 1. The governor shall appoint a director of  
49 technology to serve within the office of the governor.  
50 A position is created for a deputy director of

1 technology within the office of the governor. The  
2 director and the deputy director shall be responsible  
3 for advancing technology transfer and  
4 commercialization issues in the state and shall  
5 coordinate the related activities at the institutions  
6 of higher learning under the control of the state  
7 board of regents. The director shall have  
8 demonstrated expertise and experience in the areas of  
9 business, industry, and academics.

10 2. Each institution of higher learning under the  
11 control of the state board of regents shall designate  
12 an employee to serve as a technology transfer agent to  
13 coordinate the activities of the institution with the  
14 director of technology within the office of the  
15 governor.

16 3. By December 1, 2004, the director shall conduct  
17 a study and develop recommendations for the  
18 advancement of technology transfer and  
19 commercialization issues. The director shall compile  
20 and submit the recommendations in written form to the  
21 general assembly by December 1, 2004. The  
22 recommendations shall include specific and detailed  
23 proposed amendments to the Code of Iowa necessary to  
24 advance the proposed recommendations.

25 Sec. \_\_\_\_\_. Section 262B.4, Code 2003, is repealed.

26 DIVISION

27 IOWA ECONOMIC DEVELOPMENT

28 LOAN AND CREDIT GUARANTEE FUND

29 Sec. \_\_\_\_\_. NEW SECTION. 15E.221 SHORT TITLE.

30 This division shall be known and may be cited as  
31 the "Iowa Economic Development Loan and Credit  
32 Guarantee Fund Act".

33 Sec. \_\_\_\_\_. NEW SECTION. 15E.222 LEGISLATIVE  
34 FINDING -- PURPOSES.

35 1. The general assembly finds all of the  
36 following:

37 a. That small and medium-sized businesses, in  
38 general, and certain targeted industry businesses and  
39 other qualified businesses, in particular, may not  
40 qualify for conventional financing.

41 b. That the limited availability of credit for  
42 export transactions limits the ability of small and  
43 medium-sized businesses in this state to compete in  
44 international markets.

45 c. That, to enhance competitiveness and foster  
46 economic development, this state must focus on growth  
47 in certain specific targeted industry businesses and  
48 other qualified businesses, especially during a time  
49 of war.

50 d. That the challenge for the public economic

1 sector is to create an atmosphere conducive to  
2 economic growth, in conjunction with financial  
3 institutions in the private sector, which fill the  
4 gaps in credit availability and export finance, and  
5 that allow the private sector to identify the lending  
6 opportunities and foster decision making at the local  
7 level.

8 2. The general assembly declares the purposes of  
9 this division to be all of the following:

10 a. To create incentives and assistance to increase  
11 the flow of private capital to targeted industry  
12 businesses and other qualified businesses.

13 b. To promote industrial modernization and  
14 technology adoption.

15 c. To encourage the retention and creation of  
16 jobs.

17 d. To encourage the export of goods and services  
18 sold by Iowa businesses in national and international  
19 markets.

20 Sec. \_\_\_\_ . NEW SECTION. 15E.223 DEFINITIONS.

21 As used in this division, unless the context  
22 otherwise requires:

23 1. "Financial institution" means an institution  
24 listed in section 422.61, subsection 1, or such other  
25 financial institution as defined by the department for  
26 purposes of this division.

27 2. "Program" means the loan and credit guarantee  
28 program established in this division.

29 3. "Qualified business" means an existing or  
30 proposed business entity with an annual average number  
31 of employees not exceeding two hundred employees.  
32 "Qualified business" does not include businesses  
33 engaged primarily in retail sales, real estate, or the  
34 provision of health care or other professional  
35 services. "Qualified business" includes professional  
36 services businesses that provide services to targeted  
37 industry businesses or other entities.

38 4. "Targeted industry business" means an existing  
39 or proposed business entity, including an emerging  
40 small business or qualified business which is operated  
41 for profit and which has a primary business purpose of  
42 doing business in at least one of the targeted  
43 industries designated by the department which include  
44 life sciences, software and information technology,  
45 advanced manufacturing, value-added agriculture, and  
46 any other industry designated as a targeted industry  
47 by the loan and credit guarantee advisory board.

48 Sec. \_\_\_\_ . NEW SECTION. 15E.224 LOAN AND CREDIT  
49 GUARANTEE PROGRAM.

50 1. The department shall, with the advice of the

1 loan and credit guarantee advisory board, establish  
2 and administer a loan and credit guarantee program.  
3 The department, pursuant to agreements with financial  
4 institutions, shall provide loan and credit  
5 guarantees, or other forms of credit guarantees for  
6 qualified businesses and targeted industry businesses  
7 for eligible project costs. A loan or credit  
8 guarantee provided under the program may stand alone  
9 or may be used in conjunction with or to enhance other  
10 loans or credit guarantees, offered by private, state,  
11 or federal entities. The department may purchase  
12 insurance to cover defaulted loans meeting the  
13 requirements of the program. However, the department  
14 shall not in any manner directly or indirectly pledge  
15 the credit of the state. Eligible project costs  
16 include expenditures for productive equipment and  
17 machinery, working capital for operations and export  
18 transactions, research and development, marketing, and  
19 such other costs as the department may so designate.

20 2. A loan or credit guarantee or other form of  
21 credit guarantee provided under the program to a  
22 participating financial institution for a single  
23 qualified business or targeted industry business shall  
24 not exceed one million dollars in value. Loan or  
25 credit guarantees or other forms of credit guarantees  
26 provided under the program to more than one  
27 participating financial institution for a single  
28 qualified business or targeted industry business shall  
29 not exceed ten million dollars in value.

30 3. In administering the program, the department  
31 shall consult and cooperate with financial  
32 institutions in this state and with the loan and  
33 credit guarantee advisory board. Administrative  
34 procedures and application procedures, as practicable,  
35 shall be responsive to the needs of qualified  
36 businesses, targeted industry businesses, and  
37 financial institutions, and shall be consistent with  
38 prudent investment and lending practices and criteria.

39 4. Each participating financial institution shall  
40 identify and underwrite potential lending  
41 opportunities with qualified businesses and targeted  
42 industry businesses. Upon a determination by a  
43 participating financial institution that a qualified  
44 business or targeted industry business meets the  
45 underwriting standards of the financial institution,  
46 subject to the approval of a loan or credit guarantee,  
47 the financial institution shall submit the  
48 underwriting information and a loan or credit  
49 guarantee application to the department.

50 5. The department, with the advice of the loan and



1 credit guarantee advisory board, shall adopt a loan or  
2 credit guarantee application procedure for a financial  
3 institution on behalf of a qualified business or  
4 targeted industry business.

5 6. Upon approval of a loan or credit guarantee,  
6 the department shall enter into a loan or credit  
7 guarantee agreement with the participating financial  
8 institution. The agreement shall specify all of the  
9 following:

10 a. The fee to be charged to the financial  
11 institution.

12 b. The evidence of debt assurance of, and security  
13 for, the loan or credit guarantee.

14 c. A loan or credit guarantee that does not exceed  
15 fifteen years.

16 d. Any other terms and conditions considered  
17 necessary or desirable by the department.

18 7. The department, with the advice of the loan and  
19 credit guarantee advisory board, may adopt loan and  
20 credit guarantee application procedures that allow a  
21 qualified business or targeted industry business to  
22 apply directly to the department for a preliminary  
23 guarantee commitment. A preliminary guarantee  
24 commitment may be issued by the department subject to  
25 the qualified business or targeted industry business  
26 securing a commitment for financing from a financial  
27 institution. The application procedures shall specify  
28 the process by which a financial institution may  
29 obtain a final loan and credit guarantee.

30 Sec. \_\_\_\_ . NEW SECTION. 15E.225 TERMS -- FEES.

31 1. When entering into a loan or credit guarantee  
32 agreement, the department, with the advice of the loan  
33 and credit guarantee advisory board, shall establish  
34 fees and other terms for participation in the program  
35 by qualified businesses and targeted industry  
36 businesses.

37 2. The department, with due regard for the  
38 possibility of losses and administrative costs and  
39 with the advice of the loan and credit guarantee  
40 advisory board, shall set fees and other terms at  
41 levels sufficient to assure that the program is self-  
42 financing.

43 3. For a preliminary guarantee commitment, the  
44 department may charge a qualified business or targeted  
45 industry business a preliminary guarantee commitment  
46 fee. The application fee shall be in addition to any  
47 other fees charged by the department under this  
48 section and shall not exceed one thousand dollars for  
49 an application.

50 Sec. \_\_\_\_ . NEW SECTION. 15E.226 LOAN AND CREDIT

1 GUARANTEE ADVISORY BOARD.

2 A loan and credit guarantee advisory board is  
3 established consisting of seven members appointed by  
4 the governor, subject to confirmation by the senate.  
5 The advisory board shall provide the department with  
6 technical advice regarding the administration of the  
7 program, including the adoption of administrative  
8 rules pursuant to chapter 17A. The advisory board  
9 shall review and provide recommendations regarding all  
10 applications under the program. Members of the  
11 advisory board are entitled to receive reimbursement  
12 for actual expenses incurred while engaged in the  
13 performance of official duties. Advisory board  
14 members may also be eligible to receive compensation  
15 as provided in section 7E.6. The director of the  
16 department shall budget moneys to pay the compensation  
17 and expenses of the advisory board. The provisions of  
18 this section relating to the adoption of  
19 administrative rules shall be construed narrowly.

20 DIVISION

21 ECONOMIC DEVELOPMENT ASSISTANCE AND DATA COLLECTION

22 Sec. \_\_\_\_ . NEW SECTION. 15E.118 BUSINESS START-UP  
23 INFORMATION -- INTERNET WEB SITE.

24 The department shall provide information through an  
25 internet web site and a toll-free telephone service to  
26 assist persons interested in establishing a commercial  
27 facility or engaging in a commercial activity. The  
28 information shall include all of the following:

- 29 1. Assistance, information, and guidance for  
30 start-up businesses.
- 31 2. Information gathered by the department pursuant  
32 to section 15E.17, subsection 2.
- 33 3. Personal and corporate income tax information.
- 34 4. Information regarding financial assistance and  
35 incentives available to businesses.
- 36 5. Workforce availability in the state presented  
37 in a regional format.

38 Sec. \_\_\_\_ . NEW SECTION. 15E.119 ECONOMIC  
39 DEVELOPMENT-RELATED DATA COLLECTION.

40 1. The department shall interview any business  
41 that considered locating in Iowa but decided to locate  
42 elsewhere. The department shall attempt to determine  
43 factors that affected the location decision of the  
44 business.

45 2. The department shall interview any business  
46 that closes major operations in the state or dissolves  
47 the business's corporate status in an effort to  
48 identify factors that led to the closure or  
49 dissolution.

50 3. By January 15 of each year, the department

1 shall submit a written report to the general assembly  
2 that summarizes the information collected pursuant to  
3 this section and provides suggested amendments to the  
4 Code of Iowa and the Iowa administrative code designed  
5 to stimulate and expand the state's economy.

6 Sec. \_\_\_\_\_. INTERNET WEB SITE DEVELOPMENT. In  
7 developing the internet web site required in section  
8 15E.118, the department of economic development shall  
9 examine similar efforts in other states and  
10 incorporate the best practices.

11 DIVISION

12 CULTURAL AND ENTERTAINMENT DISTRICTS

13 Sec. \_\_\_\_\_. NEW SECTION. 303.3B CULTURAL AND  
14 ENTERTAINMENT DISTRICTS.

15 1. The department of cultural affairs shall  
16 establish and administer a cultural and entertainment  
17 district certification program. The program shall  
18 encourage the growth of communities through the  
19 development of areas within a city or county for  
20 public and private uses related to cultural and  
21 entertainment purposes.

22 2. A city or county may create and designate a  
23 cultural and entertainment district subject to  
24 certification by the department of cultural affairs,  
25 in consultation with the department of economic  
26 development. A cultural and entertainment district  
27 shall consist of a geographic area not exceeding one  
28 square mile in size. A cultural and entertainment  
29 district certification shall remain in effect for ten  
30 years following the date of certification. Two or  
31 more cities or counties may apply jointly for  
32 certification of a district that extends across a  
33 common boundary. Through the adoption of  
34 administrative rules, the department of cultural  
35 affairs shall develop a certification application for  
36 use in the certification process. The provisions of  
37 this subsection relating to the adoption of  
38 administrative rules shall be construed narrowly.

39 3. The department of cultural affairs shall  
40 encourage development projects and activities located  
41 in certified cultural and entertainment districts  
42 through incentives under cultural grant programs  
43 pursuant to section 303.3, chapter 303A, and any other  
44 grant programs.

45 DIVISION

46 UNIVERSITY-BASED RESEARCH UTILIZATION PROGRAM

47 Sec. \_\_\_\_\_. NEW SECTION. 262B.11 UNIVERSITY-BASED  
48 RESEARCH UTILIZATION PROGRAM.

49 1. The department of economic development shall  
50 establish and administer a university-based research

1 utilization program for purposes of encouraging the  
2 utilization of university-based research, primarily in  
3 the area of high technology, in new or existing  
4 businesses. The program shall include the three  
5 universities under the control of the state board of  
6 regents and all accredited private universities  
7 located in the state.

8 2. A new or existing business that utilizes a  
9 technology developed by an employee at a university  
10 under the control of the state board of regents may  
11 apply to the department of economic development for  
12 approval to participate in the university-based  
13 research utilization program. The department shall  
14 approve an applicant if the applicant meets all of the  
15 following criteria:

16 a. The applicant utilizes a technology developed  
17 by an employee at a university under the control of  
18 the state board of regents, provided that the  
19 technology has received a patent after the effective  
20 date of this Act. If the applicant has been in  
21 existence more than one year prior to applying, the  
22 applicant shall organize a separate company to utilize  
23 the technology. For purposes of this section, the  
24 separate company shall be considered the applicant  
25 and, if approved, the approved business.

26 b. The applicant develops a five-year business  
27 plan approved by the department. The plan shall  
28 include information concerning the applicant's Iowa  
29 employment goals and projected impact on the Iowa  
30 economy. The department shall only approve plans  
31 showing sufficient potential impact on Iowa employment  
32 and economic development.

33 c. The applicant meets a minimum-size business  
34 standard determined by the department.

35 d. The applicant provides annual reports to the  
36 department that include employment statistics for the  
37 applicant and the total taxable wages paid to Iowa  
38 employees and reported to the department of revenue  
39 and finance pursuant to section 422.16.

40 3. A business approved under the program and the  
41 university employee responsible for the development of  
42 the technology utilized by the approved business shall  
43 be eligible for a tax credit. The credit shall be  
44 allowed against the taxes imposed in chapter 422,  
45 divisions II and III. An individual may claim a tax  
46 credit under this section of a partnership, limited  
47 liability company, S corporation, estate, or trust  
48 electing to have income taxed directly to the  
49 individual. The amount claimed by the individual  
50 shall be based upon the pro rata share of the

1 individual's earnings from the partnership, limited  
2 liability company, S corporation, estate, or trust. A  
3 tax credit shall not be claimed under this subsection  
4 unless a tax credit certificate issued by the  
5 department of economic development is attached to the  
6 taxpayer's tax return for the tax year for which the  
7 tax credit is claimed. The amount of a tax credit  
8 allowed under this subsection shall equal the amount  
9 listed on a tax credit certificate issued by the  
10 department of economic development pursuant to  
11 subsection 4. A tax credit certificate shall not be  
12 transferable. Any tax credit in excess of the  
13 taxpayer's liability for the tax year may be credited  
14 to the taxpayer's tax liability for the following five  
15 years or until depleted, whichever occurs first. A  
16 tax credit shall not be carried back to a tax year  
17 prior to the tax year in which the taxpayer redeems  
18 the tax credit.

19 4. For the five tax years following the tax year  
20 in which a business is approved under the program, the  
21 department of revenue and finance shall provide the  
22 department of economic development with information  
23 required by the department of economic development  
24 from each tax return filed by the approved business.  
25 Upon receiving the tax return-related information, the  
26 department of economic development shall do all of the  
27 following:

28 a. Review the information provided by the  
29 department of revenue and finance pursuant to this  
30 subsection and the annual report submitted by the  
31 applicant pursuant to subsection 2, paragraph "d". If  
32 the department determines that the business activities  
33 of the applicant are not providing the benefits to  
34 Iowa employment and economic development projected in  
35 the applicant's approved five-year business plan, the  
36 department shall not issue tax credit certificates for  
37 that year to the applicant or university employee and  
38 shall determine any related university share to be  
39 equal to zero for that year.

40 b. Effective for the fiscal year beginning July 1,  
41 2004, and for subsequent fiscal years, issue a tax  
42 credit certificate to the approved business and the  
43 university employee responsible for the development of  
44 the technology utilized by the approved business in an  
45 amount determined pursuant to subsection 5. A tax  
46 credit certificate shall contain the taxpayer's name,  
47 address, tax identification number, the amount of the  
48 tax credit, and other information required by the  
49 department of revenue and finance.

50 c. (1) Determine the university share which is

1 equal to the value of thirty percent of the tax  
2 liability of the approved business for purposes of  
3 making an appropriation pursuant to section 262B.12,  
4 if enacted by 2003 Iowa Acts, House File 683 or  
5 another Act, to the university where the technology  
6 utilized by the approved business was developed. A  
7 university share shall not exceed two hundred twenty-  
8 five thousand dollars per year per technology  
9 utilized. For each technology utilized, the aggregate  
10 university share over a five-year period shall not  
11 exceed six hundred thousand dollars.

12 (2) The department shall maintain records for each  
13 university during each fiscal year regarding the  
14 university share each university is entitled to  
15 receive through the appropriation in section 262B.12,  
16 if enacted by 2003 Iowa Acts, House File 683 or  
17 another Act. A university shall be entitled to  
18 receive the total university share for that particular  
19 university during the previous fiscal year.

20 d. For the fiscal year beginning July 1, 2004, not  
21 more than two million dollars worth of certificates  
22 shall be issued pursuant to paragraph "b". For the  
23 fiscal year beginning July 1, 2005, and every fiscal  
24 year thereafter, not more than ten million dollars  
25 worth of certificates shall be issued pursuant to  
26 paragraph "b".

27 5. The tax credit certificates issued by the  
28 department for each of the five years following the  
29 tax year in which the business is approved under the  
30 program shall be for the following amounts:

31 a. For the approved business, the value of the tax  
32 credit certificate shall equal thirty percent of the  
33 tax liability of the approved business. The value of  
34 a certificate issued to an approved business shall not  
35 exceed two hundred twenty-five thousand dollars. The  
36 total aggregate value of certificates issued over a  
37 five-year period to an approved business shall not  
38 exceed six hundred thousand dollars.

39 b. For the university employee responsible for the  
40 development of the technology utilized by the approved  
41 business, the value of the tax credit certificate  
42 shall equal ten percent of the tax liability of the  
43 approved business. If more than one employee is  
44 responsible for the development of the technology, the  
45 value equal to ten percent of the tax liability of the  
46 approved business shall be divided equally and  
47 individual tax credit certificates shall be issued to  
48 each employee responsible for the development of the  
49 technology. Each year, the total value of a  
50 certificate or certificates issued for a utilized

1 technology shall not exceed seventy-five thousand  
2 dollars. For each technology utilized, the total  
3 aggregate value of certificates issued over a five-  
4 year period to the university employee responsible for  
5 the development of the technology shall not exceed two  
6 hundred thousand dollars.

7 6. The department of economic development shall  
8 notify the department of revenue and finance when a  
9 tax credit certificate is issued pursuant to  
10 subsection 4. The notification shall include the name  
11 and tax identification number appearing on any tax  
12 credit certificate.

13 Sec. \_\_\_\_\_. NEW SECTION. 422.11H UNIVERSITY-BASED  
14 RESEARCH UTILIZATION PROGRAM TAX CREDIT.

15 The taxes imposed under this division, less the  
16 credits allowed under sections 422.12 and 422.12B,  
17 shall be reduced by a university-based research  
18 utilization program tax credit authorized pursuant to  
19 section 262B.11.

20 Sec. \_\_\_\_\_. Section 422.33, Code 2003, is amended by  
21 adding the following new subsection:

22 NEW SUBSECTION. 14. The taxes imposed under this  
23 division shall be reduced by a university-based  
24 research utilization program tax credit authorized  
25 pursuant to section 262B.11."

26 8. Page 65, by inserting after line 15 the  
27 following:

28 "Sec. \_\_\_\_\_. Section 625A.9, Code 2003, is amended  
29 to read as follows:

30 625A.9 EXECUTION ON UNSTAYED PART OF JUDGMENT --  
31 SUPERSEDEAS BOND WAIVED.

32 1. The taking of the appeal from part of a  
33 judgment or order, and the filing of a bond as-above  
34 directed, does not stay execution as to that part of  
35 the judgment or order not appealed from.

36 2. If the judgment or order appealed from is for  
37 money, such bond shall not exceed one hundred ten  
38 percent of the amount of the money judgment.

39 3. Upon motion and for good cause shown, the  
40 district court may stay all proceedings under the  
41 order or judgment being appealed and permit the state  
42 or any of its political subdivisions to appeal a  
43 judgment or order to the supreme court without the  
44 filing of a supersedeas bond."

45 9. By striking page 66, line 46 through page 67,  
46 line 16.

47 10. Page 67, by inserting after line 44 the  
48 following:

49 "Sec. \_\_\_\_\_. Section 86.12, Code 2003, is amended to  
50 read as follows:

1 86.12 FAILURE TO REPORT.

2 The workers' compensation commissioner may require  
3 any employer to supply the information required by  
4 section 86.10 or to file a report required by section  
5 86.11 or 86.13 or by agency rule, by written demand  
6 sent to the employer's last known address. Upon  
7 failure to supply such information or file such report  
8 within twenty thirty days, the employer may be ordered  
9 to appear and show cause why the employer should not  
10 be subject to civil-penalty assessment of one hundred  
11 thousand dollars for each occurrence. Upon such  
12 hearing, the workers' compensation commissioner shall  
13 enter a finding of fact and may enter an order  
14 requiring such penalty assessment to be paid into the  
15 second injury fund created by sections 85.63 to 85.69.  
16 In the event the civil-penalty-assessed assessment is  
17 not voluntarily paid within thirty days the workers'  
18 compensation commissioner may file a certified copy of  
19 such finding and order with the clerk of the court for  
20 the district in which the employer maintains a place  
21 of business. If the employer maintains no place of  
22 business in this state service shall be made as  
23 provided in chapter 85 for nonresident employers. In  
24 such case the finding and order may be filed in any  
25 court of competent jurisdiction within this state.

26 The workers' compensation commissioner may  
27 thereafter petition the court for entry of judgment  
28 upon such order, serving notice of such petition on  
29 the employer and any other person in default. If the  
30 court finds the order valid, the court shall enter  
31 judgment against the person or persons in default for  
32 the amount due under the order. No fees shall be  
33 required for the filing of the order or for the  
34 petition for judgment, or for the entry of judgment or  
35 for any enforcement procedure thereupon. No  
36 supersedeas shall be granted by any court to a  
37 judgment entered under this section.

38 When a report is required under section 86.11 or  
39 86.13 or by agency rule, and that-report-has-been  
40 submitted-to the employer's insurance carrier and no  
41 report-of-injury-has-been-filed-with-the-workers'  
42 compensation-commissioner possesses the information  
43 necessary to file the report, the insurance carrier  
44 shall be responsible for filing the report of-injury  
45 in the same manner and to the same extent as an  
46 employer under this section.

47 Sec. \_\_\_\_ . NEW SECTION. 86.13A COMPLIANCE  
48 MONITORING AND ENFORCEMENT.

49 The workers' compensation commissioner shall  
50 monitor the rate of compliance of each employer and



1 each insurer with the requirement to commence benefit  
2 payments within the time specified in section 85.30.  
3 The commissioner shall determine the percentage of  
4 reported injuries where the statutory standard was met  
5 and the average number of days that commencement of  
6 voluntary benefits was delayed for each employer and  
7 each insurer individually, and for all employers and  
8 all insurers as separate groups.

9 If during any fiscal year commencing after June 30,  
10 2005, the general business practices of an employer or  
11 insurer result in the delay of the commencement of  
12 voluntary weekly compensation payments after the date  
13 specified in section 85.30 more frequently and for a  
14 longer number of days than the average number of days  
15 for the entire group of employers or insurers, the  
16 commissioner may impose an assessment on the employer  
17 or insurer payable to the second injury fund created  
18 in section 85.66. The amount of the assessment shall  
19 be ten dollars, multiplied by the average number of  
20 days that weekly compensation payments were delayed  
21 after the date specified in section 85.30, and  
22 multiplied by the number of injuries the employer or  
23 insurer reported during the fiscal year.  
24 Notwithstanding the foregoing, an assessment shall not  
25 be imposed if the employer or insurer commenced  
26 voluntary weekly compensation benefits within the time  
27 specified in section 85.30 for more than seventy-five  
28 percent of the injuries reported by the employer or  
29 insurer.

30 The commissioner may waive or reduce an assessment  
31 under this section if an employer or insurer  
32 demonstrates to the commissioner that atypical events  
33 during the fiscal year, including but not limited to a  
34 small number of cases, made the statistical data for  
35 that employer or insurer unrepresentative of the  
36 actual payout practices of the employer or insurer for  
37 that year."

38 11. Page 71, by striking lines 11 through 23.

39 12. By striking page 72, line 18, through page  
40 78, line 20.

41 13. Page 78, lines 33 and 34, by striking the  
42 words "and school infrastructure assistance,".

43 14. By renumbering as necessary.

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Senate concurred

6/4/03

HOUSE FILE 683

AN ACT

RELATING TO ECONOMIC DEVELOPMENT, FINANCIAL, TAXATION, AND REGULATORY MATTERS, MAKING AND REVISING APPROPRIATIONS, MODIFYING PENALTIES, PROVIDING A FEE, AND INCLUDING EFFECTIVE, APPLICABILITY, AND RETROACTIVE APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

STATE EMPLOYEE SALARIES

Section 1. 2003 Iowa Acts, Senate File 458, section 48, unnumbered paragraphs 1 and 2, if enacted, are amended to read as follows:

There is appropriated from the general fund of the state to the salary adjustment fund for distribution by the department of management to the various state departments, boards, commissions, councils, and agencies, and to the state board of regents for those persons employed at the state school for the deaf and the Iowa braille and sight saving school, for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the amount of ~~\$28,000,000~~ \$30,000,000, or so much thereof as may be necessary, to fully fund annual pay adjustments,

expense reimbursements, and related benefits implemented pursuant to the following:

Of the amount appropriated in this section, ~~\$2,668,000~~ \$2,818,000 shall be allocated to the judicial branch for the purpose of funding annual pay adjustments, expense reimbursements, and related benefits implemented for judicial branch employees. In distributing the remainder of the amount appropriated in this section, the department of management, in order to address essential public protection functions and recognizing the availability of funds appropriated in other Acts of the general assembly and other sources, shall give priority, in descending order, to the department of corrections, department of human services, and department of public safety, and then to the remaining state departments, boards, commissions, councils, and agencies to which the appropriation is applicable.

Sec. 2. STATE COURTS -- JUSTICES, JUDGES, AND MAGISTRATES.

1. Of the amount allocated for the judicial branch in 2003 Iowa Acts, Senate File 458, section 48, if enacted, \$150,000 is allocated to fund the changes in this section to the salaries of justices, judges, and magistrates.

2. The following annual salary rates shall be paid to the persons holding the judicial positions indicated during the fiscal year beginning July 1, 2003, effective with the pay period beginning December 5, 2003, and for subsequent pay periods:

- a. Chief justice of the supreme court:  
..... \$ 127,040
- b. Each justice of the supreme court:  
..... \$ 122,500
- c. Chief judge of the court of appeals:  
..... \$ 122,380
- d. Each associate judge of the court of appeals:  
..... \$ 117,850
- e. Each chief judge of a judicial district:  
..... \$ 116,760

f. Each district judge except the chief judge of a judicial district:

..... \$ 112,010

g. Each district associate judge:

..... \$ 97,610

h. Each associate juvenile judge:

..... \$ 97,610

i. Each associate probate judge:

..... \$ 97,610

j. Each judicial magistrate:

..... \$ 29,100

k. Each senior judge:

..... \$ 6,500

3. Persons receiving the salary rates established under subsection 2 shall not receive any additional salary adjustments provided by 2003 Iowa Acts, Senate File 458, division V.

DIVISION II

APPROPRIATIONS AND APPROPRIATIONS REVISIONS

INSURANCE DIVISION

Sec. 3. INSURANCE STUDY. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the insurance division to implement the school health insurance reform team study in accordance with 2003 Iowa Acts, Senate File 386:

..... \$ 15,000

DEPARTMENT OF MANAGEMENT

Sec. 4. LOCAL GOVERNMENT INNOVATION FUND APPROPRIATION.

There is appropriated from the general fund of the state to the department of management for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the local government innovation fund created in section 8.64:

..... \$ 1,000,000

Notwithstanding section 8.64, subsection 4, if enacted by 2003 Iowa Acts, Senate File 453, section 27, the local government innovation fund committee may provide up to 20 percent of the amount appropriated in this section in the form of forgivable loans or as grants for those projects that propose a new and innovative sharing initiative that would serve as an important model for cities and counties.

DEPARTMENT OF HUMAN SERVICES

Sec. 5. COUNTY HOSPITALS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amount, or so much thereof as is necessary, for the purpose designated:

For support of mental health care services provided to persons who are elderly or poor by county hospitals in counties having a population of two hundred twenty-five thousand or more:

..... \$ 312,000

Sec. 6. 2003 Iowa Acts, House File 667, section 13, subsection 2, is amended to read as follows:

2. The department may either continue or reprocure the contract existing on June 30, 2003, with the department's fiscal agent. If the department initiates reprocurement of the contract, of the amount appropriated in this Act for the medical assistance program, up to \$500,000 may be used to begin the implementation process.

DEPARTMENT OF CORRECTIONS

Sec. 7. There is appropriated from the rebuild Iowa infrastructure fund to the department of corrections for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For expansion of the Luster Heights facility into a community-based corrections facility and an institutional work and substance abuse treatment center:

..... \$ 92,000

2. For conversion of the Clarinda lodge into minimum security bed space:

..... \$ 730,400

Sec. 8. 2003 Iowa Acts, Senate File 439, section 4, subsection 1, paragraphs b and g, as enacted, are amended to read as follows:

b. For the operation of the Anamosa correctional facility, including salaries, support, maintenance, employment of correctional officers and a part-time chaplain to provide religious counseling to inmates of a minority race, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$ 24,531,917
	<u>25,196,085</u>
..... FTEs	375.75
	<u>385.25</u>

Moneys are provided within this appropriation for one full-time substance abuse counselor for the Luster Heights facility, for the purpose of certification of a substance abuse program at that facility. Of the funds appropriated in this paragraph "b", \$664,168 is allocated for implementation costs associated with expansion of the Luster Heights facility.

g. For the operation of the Clarinda correctional facility, including salaries, support, maintenance, employment of correctional officers, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$ 18,595,788
	<u>19,389,220</u>
..... FTEs	291.76
	<u>304.58</u>

Moneys received by the department of corrections as reimbursement for services provided to the Clarinda youth corporation are appropriated to the department and shall be used for the purpose of operating the Clarinda correctional facility.

Of the funds appropriated in this paragraph "g", \$793,432 is allocated for implementation costs associated with expansion of the conversion of the Clarinda lodge, with \$277,500 of the allocation for one-time costs and \$515,932 for ongoing costs.

PUBLIC TRANSIT

Sec. 9. 2003 Iowa Acts, Senate File 458, section 8, if enacted, is amended to read as follows:

SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.

Notwithstanding section 312.2, subsection 14, the amount appropriated from the general fund of the state under section 312.2, subsection 14, to the state department of transportation for public transit assistance under chapter 324A for the fiscal year beginning July 1, 2003, and ending June 30, 2004, is reduced by the following amount:

.....	\$	±72987675
		<u>2,582,800</u>

OFFICE OF THE GOVERNOR

Sec. 10. 2003 Iowa Acts, House File 655, section 5, subsection 1, if enacted, is amended to read as follows:

1. GENERAL OFFICE

For salaries, support, maintenance, and miscellaneous purposes for the general office of the governor and the general office of the lieutenant governor, and for not more than the following full-time equivalent positions:

.....	\$	±72437643
		<u>1,493,643</u>
.....	FTEs	±7-25
		<u>19.25</u>

Of the amount appropriated in this section, \$250,000 is allocated for two full-time equivalent positions in the office of the governor that were previously funded by other state departments and agencies.

DEPARTMENT OF REVENUE

Sec. 11. 2003 Iowa Acts, House File 655, section 31, if enacted, is amended to read as follows:

SEC. 31. DEPARTMENT OF REVENUE. There is appropriated from the general fund of the state to the department of revenue for the fiscal year beginning July 1, 2003, and ending June 30, 2004, the following amounts, or so much thereof as is necessary, to be used for the purposes designated, and for not more than the following full-time equivalent positions used for the purposes designated in subsection 1:

.....	FTEs	378-87
		<u>380.87</u>

Of the full-time equivalent positions authorized in this section, two full-time equivalent positions are allocated for new positions to assist in preparation of information for the revenue estimating conference and in improving the turnaround time for processing corporate tax filings.

1. COMPLIANCE -- INTERNAL RESOURCES MANAGEMENT -- STATE FINANCIAL MANAGEMENT -- STATEWIDE PROPERTY TAX ADMINISTRATION

For salaries, support, maintenance, and miscellaneous purposes:

.....	\$	<del>23,259,111</del>
		<u>23,359,111</u>

Of the funds appropriated pursuant to this subsection, \$400,000 shall be used to pay the direct costs of compliance related to the collection and distribution of local sales and services taxes imposed pursuant to chapters 422B and 422E.

The director of revenue shall prepare and issue a state appraisal manual and the revisions to the state appraisal manual as provided in section 421.17, subsection 18, without cost to a city or county.

2. COLLECTION COSTS AND FEES

For payment of collection costs and fees pursuant to section 422.26:

.....	\$	28,166
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DEPARTMENT OF PUBLIC HEALTH

Sec. 12. 2003 Iowa Acts, House File 667, section 2, subsection 8, as enacted, is amended to read as follows:

8. INFECTIOUS DISEASES



For reducing the incidence and prevalence of communicable diseases, and for not more than the following full-time equivalent positions:

.....	\$	977,340
		<u>1,074,888</u>
.....	FTEs	36.90

DIVISION III

MISCELLANEOUS PROVISIONS

Sec. 13. GOVERNMENT OVERSIGHT COMMITTEE -- REVIEW OF CONTINUING CARE RETIREMENT COMMUNITIES -- ASSISTED LIVING PROGRAM APPLICABILITY. The government oversight committees shall review the application of chapter 231C, relating to assisted living programs, to continuing care retirement communities, as defined in section 523D.1. The committees shall submit recommendations for any legislation deemed necessary for consideration during the 2004 regular legislative session.

Sec. 14. Section 7J.1, subsection 1, as enacted by 2003 Iowa Acts, Senate File 453, section 32, and amended by 2003 Iowa Acts, Senate File 458, section 85, is amended to read as follows:

1. DESIGNATION OF CHARTER AGENCIES -- PURPOSE. The governor may, by executive order, designate state departments or agencies, as described in section 7E.5, or the Iowa lottery authority established in chapter 99G, other than the department of administrative services, if the department is established in law, or the department of management, as a charter agency by July 1, 2003. The designation of a charter agency shall be for a period of five years which shall terminate as of June 30, 2008. The purpose of designating a charter agency is to grant the agency additional authority as provided by this chapter while reducing the total appropriations to the agency.

Sec. 15. Section 15E.193B, subsection 4, Code 2003, as amended by 2003 Iowa Acts, Senate File 458, section 100, if enacted, is amended to read as follows:

4. The eligible housing business shall complete its building or rehabilitation within two years from the time the business begins construction on the single-family homes and dwelling units. The failure to complete construction or rehabilitation within two years shall result in the eligible housing business becoming ineligible and subject to the repayment requirements and penalties enumerated in subsection 7. The department may extend the prescribed two-year completion period for any current or future project which has not been completed if the department determines that completion within the two-year period is impossible or impractical as a result of a substantial loss caused by flood, fire, earthquake, storm, or other catastrophe. For purposes of this subsection, "substantial loss" means damage or destruction in an amount in excess of thirty percent of the project's expected eligible basis as set forth in the eligible housing business's application.

Sec. 16. Section 215.14, Code 2003, is amended to read as follows:

215.14 APPROVAL BY DEPARTMENT.

A commercial weighing and measuring device shall not be installed in this state unless approved by the department.

~~All-livestock-scales-and~~

1. A pit type scales scale or any other scale installed in a pit, regardless of capacity, that is installed on or after July 1, 1990, shall have a clearance of not less than four feet from the finished floor line of the scale to the bottom of the "I" beam of the scale bridge. Livestock shall not be weighed on any scale other than a livestock scale or pit type scale.

2. An electronic pitless scale shall be placed on concrete footings with concrete floor. The concrete floor shall allow for adequate drainage away from the scale as required by the department. There shall be a clearance of not less than eight inches between the weigh bridge and the concrete floor to facilitate inspection and cleaning.

3. After approval by the department, the specifications for a commercial weighing and measuring device shall be furnished to the purchaser of the device by the manufacturer. The approval shall be based upon the recommendation of the United States national institute of standards and technology.

Sec. 17. Section 231C.17, subsection 4, if enacted by 2003 Iowa Acts, House File 675, section 24, is amended by striking the subsection and inserting in lieu thereof the following:

4. A continuing care retirement community, as defined in section 523D.1, may provide limited personal care services and emergency response services to its independent living tenants if all of the following conditions are met:

a. The provision of such personal care services or emergency response services does not result in inadequate staff coverage to meet the service needs of all tenants of the continuing care retirement community.

b. The staff providing the personal care or emergency response services is trained or qualified to the extent necessary to provide such services.

c. The continuing care retirement community documents the date, time, and nature of the personal care or emergency response services provided.

d. Emergency response services are only provided in situations which constitute an urgent need for immediate action or assistance due to unforeseen circumstances.

This subsection shall not be construed to prohibit an independent living tenant of a continuing care retirement community from contracting with a third party for personal care or emergency response services.

Sec. 18. NEW SECTION. 237A.25 CONSUMER INFORMATION.

1. The department shall develop consumer information material to assist parents in selecting a child care provider. In developing the material, the department shall consult with department of human services staff, department of education staff, the state child care advisory council, the Iowa empowerment board, and child care resource and referral services. In addition, the department may consult with other entities at the local, state, and national level.

2. The consumer information material developed by the department for parents and other consumers of child care services shall include but is not limited to all of the following:

a. A pamphlet or other printed material containing consumer-oriented information on locating a quality child care provider.

b. Information explaining important considerations a consumer should take into account in selecting a licensed or registered child care provider.

c. Information explaining how a consumer can identify quality services, including what questions to ask of providers and what a consumer might expect or demand to know before selecting a provider.

d. An explanation of the applicable laws and regulations written in layperson's terms.

e. An explanation of what it means for a provider to be licensed, registered, or unregistered.

f. An explanation of the information considered in registry and record background checks.

g. Other information deemed relevant to consumers.

3. The department shall implement and publicize an internet page or site that provides all of the following:

a. The written information developed pursuant to subsections 1 and 2.

b. Regular informational updates, including when a child care provider was last subject to a state quality review or inspection and, based upon a final score or review, the results indicating whether the provider passed or failed the review or inspection.

c. Capability for a consumer to be able to access information concerning child care providers, such as informational updates, identification of provider location, name, and capacity, and identification of providers participating in the state child care assistance program and those participating in the child care food program, by sorting the information or employing other means that provide the

information in a manner that is useful to the consumer. Information regarding provider location shall identify providers located in the vicinity of an address selected by a consumer and provide contact information without listing the specific addresses of the providers.

d. Other information deemed appropriate by the department.

Sec. 19. Section 384.84, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Notwithstanding subsection 3, a lien shall not be filed against the land if the premises are located on leased land. If the premises are located on leased land, a lien may be filed against the premises only.

Sec. 20. Section 422E.3A, subsection 2, paragraph a, if enacted by 2003 Iowa Acts, Senate File 445, section 8, is amended to read as follows:

a. A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student above the guaranteed school infrastructure amount shall receive for the remainder of the term of the tax an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d", unless the school board passes a resolution by October 1, 2003, agreeing to receive a distribution pursuant to paragraph "b", subparagraph (1).

Sec. 21. Section 422E.3A, subsection 2, paragraph b, subparagraph (1), if enacted by 2003 Iowa Acts, Senate File 445, section 8, is amended to read as follows:

(1) A school district that is located in whole or in part in a county that voted on and approved prior to April 1, 2003, the local sales and services tax for school infrastructure purposes and that has a sales tax capacity per student below its guaranteed school infrastructure amount shall receive for the remainder of the term of the tax an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 422E.3, subsection 5, paragraph "d", plus

an amount equal to its supplemental school infrastructure amount, unless the school district passes a resolution by October 1, 2003, agreeing to receive only an amount equal to its pro rata share as provided in section 422E.3, subsection 5, paragraph "d", in all subsequent years.

Sec. 22. Section 422E.3A, subsection 3, paragraph a, as enacted by 2003 Iowa Acts, Senate File 445, is amended to read as follows:

a. The director of revenue and finance by June 1 preceding each fiscal year shall compute the guaranteed school infrastructure amount for each school district, each school district's sales tax capacity per student for each county, ~~the statewide-tax-revenues-per-student,~~ and the supplemental school infrastructure amount for the coming fiscal year.

Sec. 23. Section 422E.3A, subsection 3, paragraph b, subparagraph (3), as enacted by 2003 Iowa Acts, Senate File 445, is amended by striking the subparagraph and inserting in lieu thereof the following:

(3) "Statewide tax revenues per student" means five hundred seventy-five dollars per student. The general assembly shall review this amount annually to determine its appropriateness.

Sec. 24. Section 422E.3A, subsection 5, as enacted by 2003 Iowa Acts, Senate File 445, is amended to read as follows:

5. In the case of a deficiency in the fund to pay the supplemental school infrastructure amounts in full, the amount available in the fund less the sales and services tax revenues for school infrastructure purposes attributed to each school district should be allocated ~~based-on-the-proportion-of-actual enrollment-in-the-district-to-the-combined-actual-enrollment in-the-counties-where-the-sales-and-services-tax-for-school infrastructure-purposes-has-been-imposed-and-the-school districts-in-the-counties-qualify-for-the-supplemental-school infrastructure-amount~~ first to increase the school district with the lowest sales tax capacity per student to an amount equal to the school district or school districts with the next lowest sales tax capacity per student and then increase the

school districts to an amount equal to the school district or school districts with the next lowest sales tax capacity per student and continue on in this manner until money is no longer available or all school districts reach their guaranteed school infrastructure amount.

Sec. 25. Section 422E.3A, subsection 6, unnumbered paragraph 1, as enacted by 2003 Iowa Acts, Senate File 445, is amended to read as follows:

~~A school district with less than two hundred fifty actual enrollment or less than one hundred actual enrollment in the high school~~ shall not expend the supplemental school infrastructure amount received for new construction or for payments for bonds issued for new construction against the supplemental school infrastructure amount without prior application to the department of education and receipt of a certificate of need pursuant to this subsection. However, a certificate of need is not required for the payment of outstanding bonds issued for new construction pursuant to section 296.1, before April 1, 2003. A certificate of need is also not required for repairing schoolhouses or buildings, equipment, technology, or transportation equipment for transporting students as provided in section 298.3, or for construction necessary for compliance with the federal Americans With Disabilities Act pursuant to 42 U.S.C. § 12101-12117. In determining whether a certificate of need shall be issued or denied, the department shall consider all of the following:

Sec. 26. Section 435.26A, subsection 5, as enacted by 2003 Iowa Acts, Senate File 134, section 7, and as amended by 2003 Iowa Acts, Senate File 458, section 128, if enacted, is amended to read as follows:

5. An owner of a manufactured home who has surrendered a certificate of title under this section and requires another certificate of title for the manufactured home is required to apply for a certificate of title under ~~section 321.42~~ chapter 321. If supporting documents for the reissuance of a title are not available or sufficient, the procedure for the

reissuance of a title specified in the rules of the department of transportation shall be used.

Sec. 27. Section 459.315, Code 2003, as amended by 2003 Iowa Acts, House File 644, if enacted, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. This section shall not require a person to be certified as a confinement site manure applicator if the person applies manure which originates from a manure storage structure which is part of a small animal feeding operation.

Sec. 28. Section 508.31A, subsection 2, paragraph a, subparagraph (4), as enacted by 2003 Iowa Acts, House File 647, section 7, is amended to read as follows:

(4) A person other than a natural person for the purpose of providing collateral security for securities ~~issued-by-such person-and~~ registered with the federal securities and exchange commission.

Sec. 29. 2003 Iowa Acts, Senate File 401, section 5, subsection 1, is amended to read as follows:

1. Notwithstanding any provision of law to the contrary, the section of this Act creating section 453A.2, subsection 5A, is applicable to violations pending on the effective date of this Act for which a penalty has not been assessed under section 453A.22, subsection 2. Notwithstanding this subsection, however, if a county health department, a city health department, or a city assesses a penalty under section 453A.22, subsection 2, on or after April 11, 2003 but prior to June 30, 2003, for a violation of section 453A.2, subsection 1, which was pending on April 11, 2003, the county health department, city health department or city assessing the penalty shall be deemed to have jurisdiction to assess the penalty and the penalty assessed is deemed valid.

Sec. 30. 2003 Iowa Acts, Senate File 458, section 21, unnumbered paragraph 3, if enacted, is amended to read as follows:

Of the funds appropriated in this section, up to \$10,000 is transferred to the Iowa department of ~~public-health~~ human



services for allocation to community mental health centers to provide counseling services to persons who are members of the national guard and reservists activated but as yet not sent to combat zones and to the persons' family members. The sessions shall be provided on a first come, first served basis and shall be limited to three visits per family.

Sec. 31. 2003 Iowa Acts, Senate File 458, section 149, if enacted, is amended to read as follows:

SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR PHYSICIAN SERVICES. To the extent that, pursuant to law enacted by the Eightieth General Assembly, 2003 Session, supplemental payment adjustments are implemented for physician services provided to medical assistance program participants at publicly owned acute care hospitals, the department of human services shall not, directly or indirectly, recoup the supplemental payment adjustments for any reason, unless an amount equivalent to the amount of adjustment funds ~~that were~~ is first transferred to the ~~department-by-the-state~~ university of Iowa college of medicine ~~is transferred~~ by the department ~~to the qualifying~~ physicians. Any such amount transferred and identified as a supplemental payment under this section shall then be refunded to the department of human services, per the agreement executed for this purpose between the department and the university of Iowa.

Sec. 32. 2003 Iowa Acts, House File 667, section 27, subsection 1, unnumbered paragraph 2, is amended to read as follows:

For costs associated with the commitment and treatment of sexually violent predators in the unit located at the state mental health institute at Cherokee, including costs of legal services and other associated costs, including salaries, support, maintenance, and miscellaneous purposes and for not more than the following full-time equivalent positions:

.....	\$	2,675,179
.....	FTEs	46.00
		<u>57.00</u>

Sec. 33. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

- ✓ 1. The section of this division of this Act amending section 231C.17, being deemed of immediate importance, takes effect upon enactment.
- ✓ 2. The section of this division of this Act amending 2003 Iowa Acts, Senate File 401, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to April 11, 2003.

DIVISION IV

CORRECTIVE PROVISIONS

Sec. 34. Section 8A.505, as enacted by 2003 Iowa Acts, House File 534, section 87, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. There is appropriated annually from the increase in indirect cost reimbursements over the amount of indirect cost reimbursements received during the fiscal year beginning July 1, 2002, to the office of grants enterprise management of the department of management the sum of up to one hundred twenty-five thousand dollars. The director shall transfer the funds appropriated to the department of management as provided in this paragraph and shall make the funds resulting from the increase in reimbursements available during the fiscal year to the department of management on a monthly basis. If the amount of the increase in indirect cost reimbursements is insufficient to pay the maximum appropriation provided for in this paragraph, the amount appropriated is equal to the amount of such increase.

Sec. 35. Section 12C.4, Code 2003, as amended by 2003 Iowa Acts, House File 289, section 2, is amended to read as follows:

12C.4 LOCATION OF DEPOSITORIES.

Deposits by the treasurer of state shall be in depositories located in this state; by a county officer or county public hospital officer or merged area hospital officer, in depositories located in the county or in an adjoining county within this state; by a memorial hospital treasurer, in a depository located within this state which shall be selected

by the memorial hospital treasurer and approved by the memorial hospital commission; by a city treasurer or other city financial officer, in depositories located in the county in which the city is located or in an adjoining county, but if there is no depository in the county in which the city is located or in an adjoining county then in any other depository located in this state which shall be selected as a depository by the city council; by a school treasurer or by a school secretary in a depository within this state which shall be selected by the board of directors or the trustees of the school district; by a township clerk in a depository located within this state which shall be selected by the township clerk and approved by the trustees of the township. However, deposits may be made in depositories outside of Iowa for the purpose of paying principal and interest on bonded indebtedness of any municipality when the deposit is made not more than ten days before the date the principal or interest becomes due. Further, the treasurer of state may maintain an account or accounts outside the state of Iowa for the purpose of providing custodial services for the state and state retirement fund accounts. Deposits made for the purpose of completing an electronic financial transaction pursuant to section ~~14B-203~~ 8A.222 or 331.427 may be made in any depository located in this state.

Sec. 36. Section 29A.28, subsection 3, as enacted by 2003 Iowa Acts, House File 674, section 3, is amended to read as follows:

3. Upon returning from a leave of absence under this section, an employee shall be entitled to return to the same position and classification held by the employee at the time of entry ~~onto~~ into state active duty, active state service, or federal service or to the position and classification that the employee would have been entitled to if the continuous civil service of the employee had not been interrupted by state active duty, active state service, or federal service. Under this subsection, "position" includes the geographical location of the position.

Sec. 37. Section 70A.39, subsection 1, paragraph b, as enacted by 2003 Iowa Acts, House File 381, section 1, is amended to read as follows:

b. "Vascularized Vascular organ" means a heart, lung, liver, pancreas, kidney, intestine, or other organ that requires the continuous circulation of blood to remain useful for purposes of transplantation.

Sec. 38. Section 99B.7, subsection 1, paragraph 1, subparagraph (1), Code 2003, as amended by 2003 Iowa Acts, Senate File 453, section 104, if enacted, is amended to read as follows:

(1) No other gambling is engaged in at the same location, except that lottery tickets or shares issued by the Iowa lottery division-of-the-department-of-revenue-and-finance authority may be sold pursuant to chapter 99G.

Sec. 39. Section 507A.4, subsection 9, paragraph e, as enacted by 2003 Iowa Acts, House File 647, section 4, is amended to read as follows:

e. When not otherwise provided, a foreign or domestic multiple employee employer welfare arrangement doing business in this state shall pay to the commissioner of insurance the fees as required in section 511.24.

Sec. 40. Section 556.11, subsection 5, Code 2003, as amended by 2003 Iowa Acts, Senate File 180, section 2, is amended to read as follows:

5. If the holder of property presumed abandoned under this chapter knows the whereabouts of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall, before filing the annual report, communicate with the owner and take necessary steps to prevent abandonment from being presumed. The holder shall exercise due diligence to ascertain the whereabouts of the owner. A holder is not required to make a due diligence mailing to owners whose property has an aggregate value of less than fifty dollars. The treasurer of state may charge a holder that fails to timely exercise due diligence, as required in this subsection, five dollars for each name and address account reported if

thirty-five percent ~~of~~ or more of the accounts are claimed within the twenty-four months immediately following the filing of the holder report.

Sec. 41. 2003 Iowa Acts, Senate File 438, section 3, is repealed.

Sec. 42. 2003 Iowa Acts, Senate File 453, section 11, if enacted, is amended to read as follows:

SEC. 11. Sections ~~403-237~~ 405A.1, 405A.2, 405A.3, 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9, 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are repealed.

Sec. 43. 2003 Iowa Acts, Senate File 458, section 159, if enacted, is amended to read as follows:

SEC. 159. EFFECTIVE DATES. The following provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The amendments to sections 8.23, 8.31, and 8.57 which are first applicable to appropriations made for the fiscal year beginning July 1, 2003.

2. The amendment to section 12E.12.

3. The amendments to sections 15E.42, 15E.43, 15E.45, and 15E.51, which apply retroactively to January 1, 2002, for tax years beginning on or after that date.

4. The amendment to section 15E.193B.

5. The amendment to section 435.26A.

6. The amendment to section 453A.2, which shall only take effect if 2003 Iowa Acts, Senate File 401, is enacted by the Eightieth General Assembly, 2003 Regular Session.

7. The amendments to sections 453C.1 and 453C.2 and the related severability provision.

8. The amendments to sections 518.18 and 518A.35.

9. The section directing the department of corrections to develop a plan for selling certain land.

10. The section relating to the sales and use tax refund.

11. The section relating to the school district reimbursement claim.

The sections of this division of this Act amending section 80B.5 and enacting section 80B.5A are applicable to the

appointment of the director of the Iowa law enforcement academy for the term beginning May 1, 2004.

~~Section 296.87-subsection 37-paragraph "f"-as-enacted-in this-division-of-this-Act-and-the-amendment-to-section 296.207-subsection 17-as-enacted-in-this-division-of-this-Act, take-effect-July-17-2004.~~

Sec. 44. 2003 Iowa Acts, House File 171, section 112, the bill section amending clause, is amended to read as follows:

Section 656.2, subsection 2, paragraph a, unnumbered paragraph ~~is~~ 3, Code 2003, is amended to read as follows:

Sec. 45. 2003 Iowa Acts, House File 662, section 5, subsection 8, paragraphs a and b, if enacted, are amended to read as follows:

a. Of the amount appropriated in this section subsection, \$347,371 shall be allocated to the public broadcasting division for purposes of providing support for functions related to the Iowa communications network, including but not limited to the following functions: development of distance learning applications; development of a central information source on the internet relating to educational uses of the network; second-line technical support for network sites; testing and initializing sites onto the network; and coordinating the work of the education telecommunications council.

b. Of the amount appropriated in this section subsection, \$1,272,285 shall be allocated to the regional telecommunications councils established in section 8D.5. The regional telecommunications councils shall use the funds to provide technical assistance for network classrooms, planning and troubleshooting for local area networks, scheduling of video sites, and other related support activities.

Sec. 46. 2003 Iowa Acts, House File 662, section 6, unnumbered paragraph 2, if enacted, is amended to read as follows:

The funds allocated in this subsection section shall be distributed as follows:

Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

- ✓ 1. The section of this division of this Act amending section 29A.28, subsection 3, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2003.
- ✓ 2. The section of this division of this Act amending 2003 Iowa Acts, Senate File 458, section 159, being deemed of immediate importance, takes effect upon enactment.
3. 2003 Iowa Acts, Senate File 458, section 140, relating to nonreversion of funds appropriated in 1996 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter 215, if enacted, being deemed of immediate importance, takes effect upon enactment of this Act.

DIVISION V

CRIMINAL OFFENDERS AND INMATES

Sec. 48. Section 321J.2, subsection 2, paragraph a, subparagraph (1), Code 2003, is amended to read as follows:

(1) Imprisonment in the county jail for not less than forty-eight hours, to be served as ordered by the court, less credit for any time the person was confined in a jail or detention facility following arrest or for any time the person spent in a court-ordered operating-while-intoxicated program that provides law enforcement security. However, the court, in ordering service of the sentence and in its discretion, may accommodate the defendant's work schedule.

Sec. 49. NEW SECTION. 811.2A PRETRIAL RELEASE.

A person, who has been released under a plan of pretrial release or on the person's own recognizance and who is subsequently arrested for a new criminal offense while under the plan of pretrial release or released on the person's own recognizance, shall not be eligible for another release pursuant to pretrial release guidelines or released on the person's own recognizance, if all of the following apply:

1. The arrest for the new criminal offense is based on a set of facts or an event that is different than involved in the earlier arrest.
2. The new criminal offense is classified as greater than a serious misdemeanor.

However, a person may be admitted to bail if eligible pursuant to section 811.1.

Sec. 50. Section 901.4, Code 2003, is amended to read as follows:

901.4 PRESENTENCE INVESTIGATION REPORT CONFIDENTIAL -- DISTRIBUTION.

The presentence investigation report is confidential and the court shall provide safeguards to ensure its confidentiality, including but not limited to sealing the report, which may be opened only by further court order. At least three days prior to the date set for sentencing, the court shall serve all of the presentence investigation report upon the defendant's attorney and the attorney for the state, and the report shall remain confidential except upon court order. However, the court may conceal the identity of the person who provided confidential information. The report of a medical examination or psychological or psychiatric evaluation shall be made available to the attorney for the state and to the defendant upon request. The reports are part of the record but shall be sealed and opened only on order of the court. If the defendant is committed to the custody of the Iowa department of corrections and is not a class "A" felon, a copy of the presentence investigation report shall be forwarded to the director with the order of commitment by the clerk of the district court and to the board of parole at the time of commitment. The Pursuant to section 904.602, the presentence investigation report may also be released by the department of corrections or a judicial district department of correctional services pursuant-to-section-904-602 to another jurisdiction for the purpose of providing interstate probation and parole compact services or evaluations, or to a substance abuse or mental health services provider when referring a defendant for services. The defendant or the defendant's attorney may file with the presentence investigation report, a denial or refutation of the allegations, or both, contained in the report. The denial or refutation shall be included in the report. If the person is sentenced for an offense which



requires registration under chapter 692A, the court shall release the report to the department which is responsible under section 692A.13A for performing the assessment of risk.

Sec. 51. Section 901B.1, subsection 1, paragraph c, subparagraph (5), Code 2003, is amended to read as follows:

(5) A substance abuse treatment facility as established and operated by the Iowa department of public health or the department of corrections.

Sec. 52. Section 903A.2, subsection 1, paragraph a, Code 2003, is amended to read as follows:

a. Category "A" sentences are those sentences which are not subject to a maximum accumulation of earned time of fifteen percent of the total sentence of confinement under section 902.12. To the extent provided in subsection 5, category "A" sentences also include life sentences imposed under section 902.1. An inmate of an institution under the control of the department of corrections who is serving a category "A" sentence is eligible for a reduction of sentence equal to one and two-tenths days for each day the inmate demonstrates good conduct and satisfactorily participates in any program or placement status identified by the director to earn the reduction. The programs include but are not limited to the following:

- (1) Employment in the institution.
- (2) Iowa state industries.
- (3) An employment program established by the director.
- (4) A treatment program established by the director.
- (5) An inmate educational program approved by the

director.

An inmate serving a category "A" sentence is eligible for an additional reduction of sentence of up to three hundred sixty-five days of the full term of the sentence of the inmate for exemplary acts. In accordance with section 903A.4, the director shall by policy identify what constitutes an exemplary act that may warrant an additional reduction of sentence.

Sec. 53. Section 903A.3, subsection 2, Code 2003, is amended to read as follows:

2. The orders of the administrative law judge are subject to appeal to the superintendent or warden of the institution, or the superintendent's or warden's designee, who may either affirm, modify, remand for correction of procedural errors, or reverse an order. However, sanctions shall not be increased on appeal. ~~A decision of the superintendent, warden, or designee is subject to review by the director of the Iowa department of corrections who may either affirm, modify, remand for correction of procedural errors, or reverse the decision. However, sanctions shall not be increased on review.~~

Sec. 54. NEW SECTION. 904.117 INTERSTATE COMPACT FUND.

An interstate compact fund is established under the control of the department. All interstate compact fees collected by the department pursuant to section 907B.5 shall be deposited into the fund and the moneys shall be used by the department to offset the costs of complying with the interstate compact for adult offender supervision in chapter 907B.

Notwithstanding section 8.33, moneys remaining in the fund at the end of a fiscal year shall not revert to the general fund of the state. Notwithstanding section 12C.7, interest and earnings deposited in the fund shall be credited to the fund.

Sec. 55. Section 904.503, subsection 2, Code 2003, is amended to read as follows:

2. When the director has cause to believe that an inmate in a state correctional institution is mentally ill, the Iowa department of corrections may cause the inmate to be transferred to the Iowa medical and classification center, or to another appropriate facility within the department, for examination, diagnosis, or treatment. The inmate shall be confined at that institution center or facility or a state hospital for persons with mental illness until the expiration of the inmate's sentence or until the inmate is pronounced in good mental health. If the inmate is pronounced in good mental health before the expiration of the inmate's sentence,

the inmate shall be returned to the state correctional institution until the expiration of the inmate's sentence.

Sec. 56. Section 904.508, subsection 2, Code 2003, is amended to read as follows:

2. Pursuant to section 904.702, the director shall establish and maintain an inmate savings fund in an interest-bearing account for the deposit of all or part of an inmate's allowances, as provided in section 904.702 and amounts, except amounts directed to be deposited in the inmate telephone fund established in section 904.508A, sent to the inmate from a source other than the department. All or part of an inmate's allowances and amounts, except amounts directed to be deposited in the inmate telephone fund established in section 904.508A, from a source other than the department shall be deposited into the savings fund, until the inmate's deposit is equal to the amount due the inmate upon discharge, parole, or placement on work release, one hundred dollars as provided in section 906.9. If an inmate's deposits are equal this amount to or in excess of one hundred dollars, the inmate may voluntarily withdraw from the savings fund. The director shall notify the inmate of this right to withdraw and shall provide the inmate with a written request form to facilitate the withdrawal. If the inmate withdraws and the inmate's deposits exceed the amount due as provided in section 906.9, the director shall disburse the excess amount as provided for allowances under section 904.702, except the director shall not deposit the excess amount in the inmate savings fund. If the inmate chooses to continue to participate in the savings fund, the inmate's deposits shall be returned to the inmate upon discharge, parole, or placement on work release. Otherwise, the inmate's deposits shall be disposed of as provided in subsection 3. An inmate's deposits into the savings fund may be used to provide the money due the inmate upon discharge, parole, or placement on work release, as required under section 906.9. Interest earned from the savings fund shall be placed in a separate account, and may be used for purchases approved by the director to directly and collectively benefit inmates.

Sec. 57. Section 904.508A, Code 2003, is amended to read as follows:

904.508A INMATE TELEPHONE REBATE FUND.

The department is authorized to establish and maintain an inmate telephone rebate fund in each institution for the deposit of moneys received for inmate telephone rebates calls. All funds deposited in this fund shall be used for the benefit of inmates. The director shall adopt rules providing for the disbursement of moneys from the fund.

Sec. 58. Section 904.513, subsection 1, paragraph b, subparagraph (4), Code 2003, is amended to read as follows:

(4) Assignment may also be made on the basis of the offender's treatment program performance, as a disciplinary measure, for medical needs, and for space availability at community residential facilities. If there is insufficient space at a community residential facility, the court may order an offender to be released to the supervision of the judicial district department of correctional services, or held in jail, or committed to the custody of the director of the department of corrections for assignment to an appropriate correctional facility until there is sufficient space at a community residential facility.

Sec. 59. Section 904.702, unnumbered paragraph 1, Code 2003, is amended to read as follows:

If allowances are paid pursuant to section 904.701, the director shall establish an inmate account, for deposit of those allowances and for deposit of moneys sent to the inmate from a source other than the department of corrections. The director may deduct an amount, not to exceed ten percent of the amount of the allowance, unless the inmate requests a larger amount, to be deposited into the inmate savings fund as required under section 904.508, subsection 2. In addition to deducting a portion of the allowance, the director may also deduct from an inmate account any amount, except amounts directed to be deposited in the inmate telephone fund established in section 904.508A, sent to the inmate from a source other than the department of corrections for deposit in

the inmate savings fund as required under section 904.508, subsection 2, until the amount in the fund equals the amount due the inmate upon discharge, parole, or placement on work release. The director shall deduct from the inmate account an amount established by the inmate's restitution plan of payment. The director shall also deduct from any remaining account balance an amount sufficient to pay all or part of any judgment against the inmate, including but not limited to judgments for taxes and child support, and court costs and fees assessed either as a result of the inmate's confinement or amounts required to be paid under section 610A.1. Written notice of the amount of the deduction shall be given to the inmate, who shall have five days after receipt of the notice to submit in writing any and all objections to the deduction to the director, who shall consider the objections prior to transmitting the deducted amount to the clerk of the district court. The director need give only one notice for each action or appeal under section 610A.1 for which periodic deductions are to be made. The director shall next deduct from any remaining account balance an amount sufficient to pay all or part of any costs assessed against the inmate for misconduct or damage to the property of others. The director may deduct from the inmate's account an amount sufficient to pay for the inmate's share of the costs of health services requested by the inmate and for the treatment of injuries inflicted by the inmate on the inmate or others. The director may deduct and disburse an amount sufficient for industries' programs to qualify under the eligibility requirements established in the Justice Assistance Act of 1984, Pub. L. No. 98-473, including an amount to pay all or part of the cost of the inmate's incarceration. The director may pay all or any part of remaining allowances paid pursuant to section 904.701 directly to a dependent of the inmate, or may deposit the allowance to the account of the inmate, or may deposit a portion and allow the inmate a portion for the inmate's personal use.

Sec. 60. Section 907.4, Code 2003, is amended to read as follows:

907.4 DEFERRED JUDGMENT DOCKET.

A deferment of judgment under section 907.3 shall be reported promptly by the clerk of the district court, or the clerk's designee, to the state court administrator for entry in the deferred judgment docket. The docket shall contain a permanent record of the deferred judgment including the name and date of birth of the defendant, the district court docket number, the nature of the offense, and the date of the deferred judgment. Before granting deferred judgment in any case, the court shall request of the state court administrator a search of the deferred judgment docket and shall consider any prior record of a deferred judgment against the defendant. The permanent record provided for in this section is a confidential record exempted from public access under section 22.7 and shall be available only to justices of the supreme court, judges of the court of appeals, district judges, district associate judges, judicial magistrates, clerks of the district court, judicial district departments of correctional services, and county attorneys requesting information pursuant to this section, or the designee of a justice, judge, magistrate, clerk, judicial district department of correctional services, or county attorney.

Sec. 61. Section 907.9, subsections 1, 2, and 4, Code 2003, are amended to read as follows:

1. At any time that the court determines that the purposes of probation have been fulfilled and the fees imposed under section 905.14 have been paid ~~to-or-waived-by-the-judicial-district-department-of-correctional-services~~ or on condition that unpaid supervision fees be paid, the court may order the discharge of a person from probation.

2. At any time that a probation officer determines that the purposes of probation have been fulfilled and the fees imposed under section 905.14 have been paid ~~to-or-waived-by-the-judicial-district-department-of-correctional-services~~ or on condition that unpaid supervision fees be paid, the officer may order the discharge of a person from probation after approval of the district director and notification of the sentencing court and the county attorney who prosecuted the case.

4. At the expiration of the period of probation and if the fees imposed under section 905.14 have been paid ~~to-or-waived by-the-judicial-district-department-of-correctional-services~~ or on condition that unpaid supervision fees be paid, the court shall order the discharge of the person from probation, and the court shall forward to the governor a recommendation for or against restoration of citizenship rights to that person. A person who has been discharged from probation shall no longer be held to answer for the person's offense. Upon discharge from probation, if judgment has been deferred under section 907.3, the court's criminal record with reference to the deferred judgment shall be expunged. The record maintained by the state court administrator as required by section 907.4 shall not be expunged. The court's record shall not be expunged in any other circumstances.

Sec. 62. NEW SECTION. 907B.4 INTERSTATE COMPACT FEE.

The department of corrections may assess a fee, not to exceed one hundred dollars, for an application to transfer out of the state under the interstate compact for adult offender supervision. The fee may be waived by the department. The moneys collected pursuant to this section shall be deposited into the interstate compact fund established in section 904.117 and shall be used to offset the costs of complying with the interstate compact for adult offender supervision.

Sec. 63. Section 910.3B, Code 2003, is amended to read as follows:

910.3B RESTITUTION FOR DEATH OF VICTIM.

1. In all criminal cases in which the offender is convicted of a felony in which the act or acts committed by the offender caused the death of another person, in addition to the amount determined to be payable and ordered to be paid to a victim for pecuniary damages, as defined under section 910.1, and determined under section 910.3, the court shall also order the offender to pay at least one hundred fifty thousand dollars in restitution to the victim's estate if the victim died testate. If the victim died intestate the court shall order the offender to pay the restitution to the

victim's heirs at law as determined pursuant to section 633.210. The obligation to pay the additional amount shall not be dischargeable in any proceeding under the federal Bankruptcy Act. Payment of the additional amount shall have the same priority as payment of a victim's pecuniary damages under section 910.2, in the offender's plan for restitution.

2. An award under this section does not preclude or supersede the right of a victim's estate or heirs at law to bring a civil action against the offender for damages arising out of the same facts or event. However, no evidence relating to the entry of the judgment against the offender pursuant to this section or the amount of the award ordered pursuant to this section shall be permitted to be introduced in any civil action for damages arising out of the same facts or event.

3. An offender who is ordered to pay a victim's estate or heirs at law under this section is precluded from denying the elements of the felony offense which resulted in the order for payment in any subsequent civil action for damages arising out of the same facts or event.

Sec. 64. Section 915.100, subsection 2, paragraph c, Code 2003, is amended to read as follows:

c. In cases where the act committed by an offender causes the death of another person, in addition to the amount ordered for payment of the victim's pecuniary damages, the court shall also order the offender to pay at least one hundred fifty thousand dollars in restitution to the victim's estate or heirs at law, pursuant to the provisions of section 910.3B.

#### DIVISION VI

#### ECONOMIC DEVELOPMENT APPROPRIATIONS

#### Sec. 65. MARKETING APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the department of economic development, for the fiscal period beginning July 1, 2003, and ending June 30, 2006, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:



For implementing and administering the marketing strategy approved under section 15G.108, if enacted by 2003 Iowa Acts, House File 692 or another Act:

FY 2003-2004.....	\$ 2,500,000
FY 2004-2005.....	\$ 7,500,000
FY 2005-2006.....	\$ 10,000,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 66. DEPARTMENT OF ECONOMIC DEVELOPMENT APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the department of economic development for the fiscal period beginning July 1, 2003, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For programs administered by the department of economic development:

FY 2003-2004.....	\$ 45,000,000
FY 2004-2005.....	\$ 41,000,000
FY 2005-2006.....	\$ 44,000,000
FY 2006-2007.....	\$ 48,000,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

3. Each year that moneys are appropriated under this section, the grow Iowa values board shall allocate a percentage of the moneys for each of the following types of activities:

- a. Business start-ups.
- b. Business expansion.
- c. Business modernization.
- d. Business attraction.
- e. Business retention.

f. Marketing.

4. An applicant for moneys appropriated under this section shall be required by the department to include in the application a statement regarding the intended return on investment. A recipient of moneys appropriated under this section shall annually submit a statement to the department regarding the progress achieved on the intended return on investment stated in the application. The department, in cooperation with the department of revenue and finance, shall develop a method of identifying and tracking each new job created through financial assistance from moneys appropriated under this section.

5. The department may use moneys appropriated under this section to procure technical assistance from either the public or private sector, for information technology purposes, and for rail, air, or river port transportation-related purposes. The use of moneys appropriated for rail, air, or river port transportation-related purposes must be directly related to an economic development project and the moneys must be used to leverage other financial assistance moneys.

6. Of the moneys appropriated under this section, the department may use one-half of one percent for administrative purposes.

7. The grow Iowa values board is required to approve or deny applications for financial assistance from moneys appropriated under this section.

Sec. 67. UNIVERSITY AND COLLEGE FINANCIAL ASSISTANCE APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the grow Iowa values board for the fiscal period beginning July 1, 2003, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For financial assistance for institutions of higher learning under the control of the state board of regents and for accredited private institutions as defined in section

261.9 for multiuse, goods manufacturing processes approved by the food and drug administration of the United States department of health and human services, protein purification facilities for plant, animal, and chemical manufactured proteins; accelerating new business creation; innovation accelerators and business parks; incubator facilities; upgrading food and drug administration drug approval laboratories in Iowa City to a larger multiclient, goods manufacturing processes facility; crop and animal livestock facilities for the growing of transgenic crops and livestock, protein extraction facilities, containment facilities, and bioanalytical, biochemical, chemical, and microbiological support facilities; a national center for food safety and security; and advanced laboratory space:

FY 2003-2004.....	\$ 6,000,000
FY 2004-2005.....	\$ 7,000,000
FY 2005-2006.....	\$ 7,000,000
FY 2006-2007.....	\$ 7,000,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

3. In the distribution of moneys appropriated pursuant to this section, the grow Iowa values board shall examine the potential for using moneys appropriated pursuant to this section to leverage other moneys for financial assistance to accredited private institutions.

4. In awarding moneys appropriated pursuant to this section, the grow Iowa values board shall consider whether the purchase of suitable existing infrastructure is more cost-efficient than building new infrastructure.

5. An institution of higher learning under the control of the state board of regents may apply to use financial assistance moneys under this section for purposes of a public and private joint venture to acquire infrastructure assets or research facilities or to leverage moneys in a manner consistent with meeting the goals and performance measures

provided in section 15G.106, if enacted by 2003 Iowa Acts, House File 692 or another Act.

6. Of the moneys appropriated under this section and provided applications are submitted meeting the requirements of the grow Iowa values board, not less than \$10,000,000 in financial assistance shall be awarded to the university of Iowa, not less than \$10,000,000 in financial assistance shall be awarded to Iowa state university of science and technology, and not less than \$5,000,000 in financial assistance shall be awarded to the university of northern Iowa.

Sec. 68. REHABILITATION PROJECT TAX CREDITS APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the general fund of the state, for the fiscal period beginning July 1, 2005, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For payment of tax credits approved pursuant to section 404A.4 for projects located in certified cultural and entertainment districts:

FY 2005-2006.....	\$	500,000
FY 2006-2007.....	\$	500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 69. LOAN AND CREDIT GUARANTEE FUND APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the department of economic development for the fiscal period beginning July 1, 2003, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the loan and credit guarantee fund created in section 15E.227:

FY 2003-2004.....	\$ 2,500,000
FY 2004-2005.....	\$ 5,000,000
FY 2005-2006.....	\$ 7,500,000
FY 2006-2007.....	\$ 7,500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purpose during the succeeding fiscal year.

Sec. 70. ENDOW IOWA TAX CREDITS.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the general fund of the state, for the fiscal period beginning July 1, 2004, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For payment of endow Iowa tax credits authorized pursuant to section 15E.305:

FY 2004-2005.....	\$ 250,000
FY 2005-2006.....	\$ 250,000
FY 2006-2007.....	\$ 500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 71. ENDOW IOWA GRANTS APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the department of economic development for the fiscal period beginning July 1, 2004, and ending June 30, 2007, the following amounts, or so much thereof as is necessary, to be used for the purpose designated:

For endow Iowa grants to lead philanthropic entities pursuant to section 15E.304:

FY 2004-2005.....	\$ 250,000
FY 2005-2006.....	\$ 250,000

FY 2006-2007..... \$ 500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 72. STATE PARKS AND DESTINATION PARKS APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the grow Iowa values board for the fiscal period beginning July 1, 2003, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the purpose of providing financial assistance for projects in targeted state parks and destination parks:

FY 2003-2004.....	\$	500,000
FY 2004-2005.....	\$	0
FY 2005-2006.....	\$	0
FY 2006-2007.....	\$	500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

3. The department of natural resources, in cooperation with the department of economic development, shall submit a plan to the grow Iowa values board for the expenditure of moneys appropriated under this section. The plan shall focus on improving state parks and destination parks for economic development purposes. Based on the report submitted, the grow Iowa values board shall provide financial assistance to the department of natural resources for support of state parks and destination parks.

Sec. 73. IOWA CULTURAL TRUST FUND APPROPRIATION.

1. There is appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, to the office of the treasurer of state, for the fiscal period beginning July 1, 2003, and ending June 30, 2007, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the Iowa cultural trust fund created in section 303A.4:

FY 2003-2004.....	\$	500,000
FY 2004-2005.....	\$	0
FY 2005-2006.....	\$	0
FY 2006-2007.....	\$	500,000

2. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 74. ANTICIPATED FEDERAL MONEYS -- APPROPRIATION.

1. There is appropriated from the fund created by section 8.41, for the fiscal period beginning July 1, 2003, and ending June 30, 2005, the following amounts to be used for the purpose designated:

For deposit in the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act:

FY 2003-2004.....	\$	59,000,000
FY 2004-2005.....	\$	41,000,000

2. Moneys appropriated in this section are moneys anticipated to be received from the federal government for state and local government fiscal relief under the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 and shall be expended as provided in the federal law making the moneys available and in conformance with chapter 17A.

3. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

Sec. 75. STREAMLINED SALES AND USE TAX REVENUE -- APPROPRIATION.

1. There is appropriated from the general fund of the state from moneys credited to the general fund of the state as a result of entering into the streamlined sales and use tax agreement, for the fiscal period beginning July 1, 2003, and ending June 30, 2010, the following amounts to be used for the purpose designated:

For deposit in the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act:

FY 2003-2004.....	\$ 5,000,000
FY 2004-2005.....	\$ 23,000,000
FY 2005-2006.....	\$ 75,000,000
FY 2006-2007.....	\$ 75,000,000
FY 2007-2008.....	\$ 75,000,000
FY 2008-2009.....	\$ 75,000,000
FY 2009-2010.....	\$ 75,000,000

2. For purposes of this section, "moneys credited to the general fund of the state as a result of entering into the streamlined sales and use tax agreement" means the amount of sales and use tax receipts credited to the general fund of the state during a fiscal year that exceeds by two percent or more the total sales and use tax receipts credited to the general fund of the state during the previous fiscal year.

a. If the moneys credited to the general fund of the state as a result of entering into the streamlined sales and use tax agreement during a fiscal year total less than the amount appropriated in this section, the appropriation in this section shall be reduced to equal the total amount of the moneys so credited.

b. If the appropriation for a fiscal year is reduced pursuant to paragraph "a", all appropriations made from the grow Iowa values fund for the same fiscal year shall be reduced proportionately to the amount reduced due to paragraph "a".

3. Notwithstanding section 8.33, moneys that remain unexpended at the end of a fiscal year shall not revert to any fund but shall remain available for expenditure for the designated purposes during the succeeding fiscal year.

DIVISION VII

WORKFORCE-RELATED ISSUES

Sec. 76. NEW SECTION. 260C.18A WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS.



1. a. A workforce training and economic development fund is created for each community college. Moneys shall be deposited and expended from a fund as provided under this section.

b. Moneys in the funds shall consist of any moneys appropriated by the general assembly and any other moneys available to and obtained or accepted by the department of economic development from federal sources or private sources for placement in the funds. Notwithstanding section 8.33, moneys in the funds at the end of each fiscal year shall not revert to any other fund but shall remain in the funds for expenditure in subsequent fiscal years.

2. On July 1 of each year for the fiscal year beginning July 1, 2003, and for every fiscal year thereafter, moneys from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act, are appropriated to the department of economic development for deposit in the workforce training and economic development funds in amounts determined pursuant to subsection 3. Moneys deposited in the funds and disbursed to community colleges for a fiscal year shall be expended for the following purposes, provided seventy percent of the moneys shall be used on projects in the areas of advanced manufacturing, information technology and insurance, and life sciences which include the areas of biotechnology, health care technology, and nursing care technology:

a. Projects in which an agreement between a community college and an employer located within the community college's merged area meet all of the requirements of the accelerated career education program under chapter 260G.

b. Projects in which an agreement between a community college and a business meet all the requirements of the Iowa jobs training Act under chapter 260F.

c. For the development and implementation of career academies designed to provide new career preparation opportunities for high school students that are formally linked with postsecondary career and technical education

programs. For purposes of this section, "career academy" means a program of study that combines a minimum of two years of secondary education with an associate degree, or the equivalent, career preparatory program in a nonduplicative, sequential course of study that is standards based, integrates academic and technical instruction, utilizes work-based and worksite learning where appropriate and available, utilizes an individual career planning process with parent involvement, and leads to an associate degree or postsecondary diploma or certificate in a career field that prepares an individual for entry and advancement in a high-skill and reward career field and further education. The department of economic development, in conjunction with the state board of education and the division of community colleges and workforce preparation of the department of education, shall adopt administrative rules for the development and implementation of such career academies pursuant to section 256.11, subsection 5, paragraph "h", section 260C.1, and Title II of Pub. L. No. 105-332, Carl D. Perkins Vocational and Technical Education Act of 1998.

d. Programs and courses that provide vocational and technical training, and programs for in-service training and retraining under section 260C.1, subsections 2 and 3.

e. Job retention projects under section 260F.9.

3. Of the moneys appropriated in this section, for the fiscal period beginning July 1, 2003, and ending June 30, 2006, the following amounts shall be designated for the purposes of funding job retention projects under section 260F.9:

a. One million dollars for the fiscal year beginning July 1, 2003.

b. One million dollars for the fiscal year beginning July 1, 2004.

c. One million dollars for the fiscal year beginning July 1, 2005.

4. The maximum cumulative total amount of moneys that may be deposited in all the workforce training and economic

development funds for distribution to community colleges in a fiscal year shall be determined as follows:

a. Five million dollars for the fiscal year beginning July 1, 2003.

b. Five million dollars for the fiscal year beginning July 1, 2004.

c. Five million dollars for the fiscal year beginning July 1, 2005.

d. Ten million dollars for the fiscal year beginning July 1, 2006.

e. For the fiscal year beginning July 1, 2007, and each succeeding fiscal year, the grow Iowa values board shall make a determination if sufficient moneys exist in the grow Iowa values fund to distribute to community colleges.

5. The department of economic development shall allocate the moneys appropriated pursuant to this section to the community college workforce training and economic development funds utilizing the same distribution formula used for the allocation of state general aid to the community colleges.

6. Each community college shall do all of the following:

a. Adopt a two-year workforce training and economic development fund plan outlining the community college's proposed use of moneys appropriated under subsection 2.

b. Update the two-year plan annually.

c. Prepare an annual progress report on the two-year plan's implementation.

d. Annually submit the two-year plan and progress report to the department of economic development in a manner prescribed by rules adopted by the department pursuant to chapter 17A and annually file a copy of the plan and progress report with the grow Iowa values board. For the fiscal year beginning July 1, 2004, and each fiscal year thereafter, a community college shall not have moneys deposited in the workforce training and economic development fund of that community college unless the grow Iowa values board approves the annual progress report of the community college.

7. Any individual project using over one million dollars of moneys from a workforce training and economic development fund shall require prior approval from the grow Iowa values board.

Sec. 77. NEW SECTION. 260F.9 JOB RETENTION PROGRAM.

1. The department of economic development shall administer the job retention program. The department shall adopt rules pursuant to chapter 17A necessary for the administration of this section. By January 15 of each year, the department shall submit a written report to the general assembly and the governor regarding the activities of the job retention program during the previous calendar year.

2. A community college and the department may enter into an agreement to establish a job retention project. A job retention project agreement shall include, but not be limited to, the following:

a. The date of the agreement.

b. The anticipated number of employees to be trained.

c. The estimated cost of training.

d. A statement regarding the number of employees employed by the participating business on the date of the agreement which must equal at least the lesser of one thousand employees or four percent or more of the county's resident labor force based on the most recent annual labor force statistics from the department of workforce development.

e. A commitment that the participating business shall invest at least fifteen million dollars to retool the workplace and upgrade the facilities of the participating business.

f. A commitment that the participating business shall not move the business operation out of this state or close the business operation for at least ten years following the date of the agreement.

g. Other criteria established by the department of economic development.

3. A job retention project agreement entered into pursuant to this section must be approved by the board of trustees of

the applicable community college, the department of economic development, and the participating business.

Sec. 78. NEW SECTION. 260F.101 REPORTING.

A community college entering into an agreement pursuant to this chapter shall submit an annual written report by the end of each calendar year with the grow Iowa values board created in section 15G.102, if enacted by 2003 Iowa Acts, House File 692 or another Act. The report shall provide information regarding how the agreement affects the achievement of the goals and performance measures provided in section 15G.106, if enacted by 2003 Iowa Acts, House File 692 or another Act.

Sec. 79. Section 260G.3, subsection 2, Code 2003, is amended to read as follows:

2. An agreement may include reasonable and necessary provisions to implement the accelerated career education program. If an agreement that utilizes program job credits is entered into, the community college and the employer shall notify the department of revenue and finance as soon as possible. The community college shall also file a copy of the agreement with the department of economic development as required in section 260G.4B. The agreement shall provide for program costs, including deferred costs, which may be paid from any of the following sources:

a. Program job credits which the employer receives based on the number of program job positions agreed to by the employer to be available under the agreement.

b. Cash or in-kind contributions by the employer toward the program cost. At a minimum, the employer contribution shall be twenty percent of the program costs.

c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs.

d. Guarantee by the employer of payments to be received under paragraphs "a" and "b".

e. Moneys from a workforce training and economic development fund created in section 260C.18A, based on the number of program job positions agreed to by the employer to be available under the agreement, the amount of which shall be

calculated in the same manner as the program job credits provided for in section 260G.4A.

Sec. 80. NEW SECTION. 260G.101 REPORTING.

A community college entering into an agreement pursuant to this chapter shall submit an annual written report by the end of each calendar year with the grow Iowa values board created in section 15G.102, if enacted by 2003 Iowa Acts, House File 692 or another Act. The report shall provide information regarding how the agreement affects the achievement of the goals and performance measures provided in section 15G.106, if enacted by 2003 Iowa Acts, House File 692 or another Act.

DIVISION VIII

LOAN AND CREDIT GUARANTEE FUND

Sec. 81. NEW SECTION. 15E.227 LOAN AND CREDIT GUARANTEE FUND.

1. A loan and credit guarantee fund is created and established as a separate and distinct fund in the state treasury. Moneys in the fund shall only be used for purposes provided in this section. The moneys in the fund are appropriated to the department to be used for all of the following purposes:

a. Payment of claims pursuant to loan and credit guarantee agreements entered into under this division.

b. Payment of administrative costs of the department for actual and necessary administrative expenses incurred by the department in administering the program.

c. Purchase or buyout of superior or prior liens, mortgages, or security interests.

d. Purchase of insurance to cover the default of loans made pursuant to the requirements of the loan and credit guarantee program.

2. Moneys in the loan and credit guarantee fund shall consist of all of the following:

a. Moneys appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department for placement in the fund.

b. Proceeds from collateral assigned to the department, fees for guarantees, gifts, and moneys from any grant made to the fund by any federal agency.

c. Moneys appropriated from the grow Iowa values fund created in section 15G.107, if enacted by 2003 Iowa Acts, House File 692 or another Act.

3. Moneys in the fund are not subject to section 8.33. Notwithstanding section 12C.7, interest or earnings on the moneys in the fund shall be credited to the fund.

4. a. The department shall only pledge moneys in the loan and credit guarantee fund and not any other moneys of the department. In a fiscal year, the department may pledge an amount not to exceed the total amount appropriated to the fund for the same fiscal year to assure the repayment of loan and credit guarantees or other extensions of credit made to or on behalf of qualified businesses or targeted industry businesses for eligible project costs.

b. The department shall not pledge the credit or taxing power of this state or any political subdivision of this state or make debts payable out of any moneys except for those in the loan and credit guarantee fund.

#### DIVISION IX

#### UNIVERSITY-BASED RESEARCH UTILIZATION

#### PROGRAM APPROPRIATION

Sec. 82. NEW SECTION. 262B.12 APPROPRIATION.

On July 1 of each year there is appropriated from the general fund of the state to each university under the control of the state board of regents, an amount equal to the amount determined by the department of economic development pursuant to section 262B.11, subsection 4, paragraph "c", subparagraph (2), if enacted by 2003 Iowa Acts, House File 692 or another Act.

#### DIVISION X

#### ENDOW IOWA TAX CREDIT

Sec. 83. NEW SECTION. 15E.305 ENDOW IOWA TAX CREDIT.

1. For tax years beginning on or after January 1, 2003, a tax credit shall be allowed against the taxes imposed in

chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24 equal to twenty percent of a taxpayer's endowment gift to a qualified community foundation. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. A tax credit shall be allowed only for an endowment gift made to a qualified community foundation for a permanent endowment fund established to benefit a charitable cause in this state. Any tax credit in excess of the taxpayer's tax liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever occurs first. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

2. The aggregate amount of tax credits authorized pursuant to this section shall not exceed a total of two million dollars. The maximum amount of tax credits granted to a taxpayer shall not exceed five percent of the aggregate amount of tax credits authorized.

3. A tax credit shall not be transferable to any other taxpayer.

4. A tax credit shall not be authorized pursuant to this section after December 31, 2005.

5. The department shall develop a system for registration and authorization of tax credits under this section and shall control the distribution of all tax credits to taxpayers providing an endowment gift subject to this section. The department shall adopt administrative rules pursuant to chapter 17A for the qualification and administration of endowment gifts.

Sec. 84. NEW SECTION. 422.11H ENDOW IOWA TAX CREDIT.



The tax imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 85. Section 422.33, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The taxes imposed under this division shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 86. Section 422.60, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The taxes imposed under this division shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 87. NEW SECTION. 432.12D ENDOW IOWA TAX CREDIT.

The tax imposed under this chapter shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 88. Section 533.24, Code 2003, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The moneys and credits tax imposed under this section shall be reduced by an endow Iowa tax credit authorized pursuant to section 15E.305.

Sec. 89. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. This division of this Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2003, for tax years beginning on or after that date.

#### DIVISION XI

##### REHABILITATION PROJECT TAX CREDITS

Sec. 90. Section 404A.4, subsection 4, Code 2003, is amended to read as follows:

4. The total amount of tax credits that may be approved for a fiscal year under this chapter shall not exceed two million four hundred thousand dollars. For the fiscal years beginning July 1, 2005, and July 1, 2006, an additional five hundred thousand dollars of tax credits may be approved each fiscal year for purposes of projects located in cultural and

entertainment districts certified pursuant to section 303.3B, if enacted by 2003 Iowa Acts, House File 692 or another Act. Any of the additional tax credits allocated for projects located in certified cultural and entertainment districts that are not approved during a fiscal year may be carried over to the succeeding fiscal year. Tax credit certificates shall be issued on the basis of the earliest awarding of certifications of completion as provided in subsection 1. The departments of economic development and revenue and finance shall each adopt rules to jointly administer this subsection and shall provide by rule for the method to be used to determine for which fiscal year the tax credits are approved.

DIVISION XII

STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND

Sec. 91. Section 8.57, subsection 5, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. There is appropriated from the rebuild Iowa infrastructure fund to the secure an advanced vision for education fund created in section 422E.3A, for each fiscal year of the fiscal period beginning July 1, 2004, and ending June 30, 2014, the amount of the moneys in excess of the first forty-seven million dollars credited to the rebuild Iowa infrastructure fund during the fiscal year, not to exceed ten million dollars.

Sec. 92. NEW SECTION. 292A.3A APPROPRIATION.

There is appropriated from the general fund of the state from moneys credited to the general fund of the state as a result of the state entering into the streamlined sales and use tax agreement to the secure an advanced vision for education fund created in section 422E.3A, the sum of five million dollars for each fiscal year of the fiscal period beginning July 1, 2004, and ending June 30, 2014. The appropriation in this section shall be made after the appropriation from the same source to the grow Iowa fund created in 2003 Iowa Acts, House File 692 or another Act. For purposes of this section, "moneys credited to the general fund of the state as a result of entering into the streamlined

sales and use tax agreement" means the amount of sales and use tax receipts credited to the general fund of the state during a fiscal year that exceeds by two percent or more the total sales and use tax receipts credited to the general fund of the state during the previous fiscal year.

DIVISION XIII

REPEALS

Sec. 93. The divisions of this Act designated economic development appropriations, workforce-related issues, loan and credit guarantee fund, university-based research utilization program appropriation, endow Iowa tax credit, and rehabilitation project tax credits are repealed effective June 30, 2010.

DIVISION XIV

STREAMLINED SALES AND USE TAXES

SUBCHAPTER I

DEFINITIONS

Sec. 94. NEW SECTION. 423.1 DEFINITIONS.

As used in this chapter the following words, terms, and phrases have the meanings ascribed to them by this section, except where the context clearly indicates that a different meaning is intended:

1. "Agent" means a person appointed by a seller to represent the seller before the member states.
2. "Agreement" means the streamlined sales and use tax agreement authorized by subchapter IV of this chapter to provide a mechanism for establishing and maintaining a cooperative, simplified system for the application and administration of sales and use taxes.
3. "Agricultural production" includes the production of flowering, ornamental, or vegetable plants in commercial greenhouses or otherwise, and production from aquaculture. "Agricultural products" includes flowering, ornamental, or vegetable plants and those products of aquaculture.
4. "Business" includes any activity engaged in by any person or caused to be engaged in by the person with the object of gain, benefit, or advantage, either direct or indirect.

5. "Certificate of title" means a certificate of title issued for a vehicle or for manufactured housing under chapter 321.

6. "Certified automated system" means software certified under the agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction.

7. "Certified service provider" means an agent certified under the agreement to perform all of a seller's sales or use tax functions, other than the seller's obligation to remit tax on its own purchases.

8. "Computer" means an electronic device that accepts information in digital or similar form and manipulates the information for a result based on a sequence of instructions.

9. "Computer software" means a set of coded instructions designed to cause a computer or automatic data processing equipment to perform a task.

10. "Delivered electronically" means delivered to the purchaser by means other than tangible storage media.

11. "Delivery charges" means charges assessed by a seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating, and packing charges.

12. "Department" means the department of revenue and finance.

13. "Direct mail" means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items is not billed directly to the recipients. "Direct mail" includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail seller for inclusion in the package containing the printed material. "Direct mail" does not include multiple items of printed material delivered to a single address.

14. "Director" means the director of revenue and finance.

15. "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

16. "Farm deer" means the same as defined in section 189A.2.

17. "Farm machinery and equipment" means machinery and equipment used in agricultural production.

18. "First use of a service". A "first use of a service" occurs, for the purposes of this chapter, when a service is rendered, furnished, or performed in Iowa or if rendered, furnished, or performed outside of Iowa, when the product or result of the service is used in Iowa.

19. "Goods, wares, or merchandise" means the same as tangible personal property.

20. "Governing board" means the group comprised of representatives of the member states of the agreement which is created by the agreement to be responsible for the agreement's administration and operation.

21. "Installed purchase price" is the amount charged, valued in money whether paid in money or otherwise, by a building contractor to convert manufactured housing from tangible personal property into realty. "Installed purchase price" includes, but is not limited to, amounts charged for installing a foundation and electrical and plumbing hookups. "Installed purchase price" excludes any amount charged for landscaping in connection with the conversion.

22. "Lease or rental".

a. "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A "lease or rental" may include future options to purchase or extend.

b. "Lease or rental" includes agreements covering motor vehicles and trailers when the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in 26 U.S.C. § 7701(h)(1).

c. "Lease or rental" does not include any of the following:

(1) A transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments.

(2) A transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments, and payment of any option price does not exceed the greater of one hundred dollars or one percent of the total required payments.

(3) Providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the equipment to perform as designed. For the purpose of this subparagraph, an operator must do more than maintain, inspect, or set up the tangible personal property.

d. This definition shall be used for sales and use tax purposes regardless of whether a transaction is characterized as a lease or rental under generally accepted accounting principles, the Internal Revenue Code, the Uniform Commercial Code, or other provisions of federal, state, or local law.

23. "Livestock" includes but is not limited to an animal classified as an ostrich, rhea, emu, bison, or farm deer.

24. "Manufactured housing" means "manufactured home" as defined in section 321.1.

25. "Member state" is any state which has signed the agreement.

26. "Mobile home" means "manufactured or mobile home" as defined in section 321.1.

27. "Model 1 seller" is a seller that has selected a certified service provider as its agent to perform all the seller's sales and use tax functions, other than the seller's obligation to remit tax on its own purchases.

28. "Model 2 seller" is a seller that has selected a certified automated system to perform part of its sales and use tax functions, but retains responsibility for remitting the tax.

29. "Model 3 seller" is a seller that has sales in at least five member states, has total annual sales revenue of at least five hundred million dollars, has a proprietary system that calculates the amount of tax due each jurisdiction, and has entered into a performance agreement with the member states that establishes a tax performance standard for the seller. As used in this definition, a "seller" includes an affiliated group of sellers using the same proprietary system.

30. "Nonresidential commercial operations" means industrial, commercial, mining, or agricultural operations, whether for profit or not, but does not include apartment complexes or mobile home parks.

31. "Not registered under the agreement" means lack of registration by a seller with the member states under the central registration system referenced in section 423.11, subsection 4.

32. "Person" means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or any other legal entity.

33. "Place of business" means any warehouse, store, place, office, building, or structure where goods, wares, or merchandise are offered for sale at retail or where any taxable amusement is conducted, or each office where gas, water, heat, communication, or electric services are offered for sale at retail.

When a retailer or amusement operator sells merchandise by means of vending machines or operates music or amusement devices by coin-operated machines at more than one location within the state, the office, building, or place where the books, papers, and records of the taxpayer are kept shall be deemed to be the taxpayer's place of business.

34. "Prewritten computer software" includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the purchaser. The combining of two or more prewritten computer software programs or prewritten portions of prewritten programs does not cause the combination to be

other than prewritten computer software. "Prewritten computer software" also means computer software, including prewritten upgrades, which is not designed and developed by the author or other creator to the specifications of a specific purchaser.

When a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person's modifications or enhancements. Prewritten computer software or a prewritten portion of the prewritten software that is modified or enhanced to any degree, when such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software. However, when there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute prewritten computer software.

35. "Property purchased for resale in connection with the performance of a service" means property which is purchased for resale in connection with the rendition, furnishing, or performance of a service by a person who renders, furnishes, or performs the service if all of the following occur:

a. The provider and user of the service intend that a sale of the property will occur.

b. The property is transferred to the user of the service in connection with the performance of the service in a form or quantity capable of a fixed or definite price value.

c. The sale is evidenced by a separate charge for the identifiable piece of property.

36. "Purchase" means any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever, for a consideration.

37. "Purchase price" means the same as "sales price" as defined in this section.

38. "Purchaser" is a person to whom a sale of personal property is made or to whom a service is furnished.

39. "Receive" and "receipt" mean any of the following:



- a. Taking possession of tangible personal property.
- b. Making first use of a service.
- c. Taking possession or making first use of digital goods, whichever comes first.

"Receive" and "receipt" do not include possession by a shipping company on behalf of a purchaser.

40. "Registered under the agreement" means registration by a seller under the central registration system referenced in section 423.11, subsection 4.

41. "Relief agency" means the state, any county, city and county, city, or district thereof, or any agency engaged in actual relief work.

42. "Retailer" means and includes every person engaged in the business of selling tangible personal property or taxable services at retail, or the furnishing of gas, electricity, water, or communication service, and tickets or admissions to places of amusement and athletic events or operating amusement devices or other forms of commercial amusement from which revenues are derived. However, when in the opinion of the director it is necessary for the efficient administration of this chapter to regard any salespersons, representatives, truckers, peddlers, or canvassers as agents of the dealers, distributors, supervisors, employers, or persons under whom they operate or from whom they obtain tangible personal property sold by them irrespective of whether or not they are making sales on their own behalf or on behalf of such dealers, distributors, supervisors, employers, or persons, the director may so regard them, and may regard such dealers, distributors, supervisors, employers, or persons as retailers for the purposes of this chapter. "Retailer" includes a seller obligated to collect sales or use tax.

43. "Retailer maintaining a place of business in this state" or any like term includes any retailer having or maintaining within this state, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any representative operating within this state under the authority of the retailer or its subsidiary,

irrespective of whether that place of business or representative is located here permanently or temporarily, or whether the retailer or subsidiary is admitted to do business within this state pursuant to chapter 490.

44. "Retailers who are not model sellers" means all retailers other than model 1, model 2, or model 3 sellers.

45. "Retail sale" or "sale at retail" means any sale, lease, or rental for any purpose other than resale, sublease, or subrent.

46. "Sales" or "sale" means any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever, for consideration.

47. "Sales price" applies to the measure subject to sales tax.

a. "Sales price" means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for any of the following:

(1) The seller's cost of the property sold.

(2) The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expenses of the seller.

(3) Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges.

(4) Delivery charges.

(5) Installation charges.

(6) The value of exempt personal property given to the purchaser where taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise.

(7) Credit for any trade-in authorized by section 423.3, subsection 58.

b. "Sales price" does not include:

(1) Discounts, including cash, term, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale.

(2) Interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(3) Any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(4) The amounts received for charges included in paragraph "a", subparagraphs (3) through (7), if they are separately contracted for and separately stated on the invoice, billing, or similar document given to the purchaser.

48. "Sales tax" means the tax levied under subchapter II of this chapter.

49. "Seller" means any person making sales, leases, or rentals of personal property or services.

50. "Services" means all acts or services rendered, furnished, or performed, other than services used in processing of tangible personal property for use in retail sales or services, for an employer, as defined in section 422.4, subsection 3, for a valuable consideration by any person engaged in any business or occupation specifically enumerated in section 423.2. The tax shall be due and collectible when the service is rendered, furnished, or performed for the ultimate user of the service.

51. "Services used in the processing of tangible personal property" includes the reconditioning or repairing of tangible personal property of the type normally sold in the regular course of the retailer's business and which is held for sale.

52. "State" means any state of the United States and the District of Columbia.

53. "System" means the central electronic registration system maintained by Iowa and other states which are signatories to the agreement.

54. "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam, and prewritten computer software.

55. "Taxpayer" includes any person who is subject to a tax imposed by this chapter, whether acting on the person's own behalf or as a fiduciary.

56. "Trailer" shall mean every trailer, as is now or may be hereafter so defined by chapter 321, which is required to be registered or is subject only to the issuance of a certificate of title under chapter 321.

57. "Use" means and includes the exercise by any person of any right or power over tangible personal property incident to the ownership of that property. A retailer's or building contractor's sale of manufactured housing for use in this state, whether in the form of tangible personal property or of realty, is a use of that property for the purposes of this chapter.

58. "Use tax" means the tax levied under subchapter III of this chapter for which the retailer collects and remits tax to the department.

59. "User" means the immediate recipient of the services who is entitled to exercise a right of power over the product of such services.

60. "Value of services" means the price to the user exclusive of any direct tax imposed by the federal government or by this chapter.

61. "Vehicles subject to registration" means any vehicle subject to registration pursuant to section 321.18.

## SUBCHAPTER II

### SALES TAX

Sec. 95. NEW SECTION. 423.2 TAX IMPOSED.

1. There is imposed a tax of five percent upon the sales price of all sales of tangible personal property, consisting of goods, wares, or merchandise, sold at retail in the state to consumers or users except as otherwise provided in this subchapter.

a. For the purposes of this subchapter, sales of the following services are treated as if they were sales of tangible personal property:

(1) Sales of engraving, photography, retouching, printing, and binding services.

(2) Sales of vulcanizing, recapping, and retreading services.

(3) Sales of prepaid telephone calling cards and prepaid authorization numbers.

(4) Sales of optional service or warranty contracts, except residential service contracts regulated under chapter 523C, which provide for the furnishing of labor and materials and require the furnishing of any taxable service enumerated under this section. The sales price is subject to tax even if some of the services furnished are not enumerated under this section. Additional sales, services, or use taxes shall not be levied on services, parts, or labor provided under optional service or warranty contracts which are subject to tax under this subsection.

If the optional service or warranty contract is a computer software maintenance or support service contract and there is no separately stated fee for the taxable personal property or for the nontaxable service, the tax imposed by this subsection shall be imposed on fifty percent of the sales price from the sale of such contract. If the contract provides for technical support services only, no tax shall be imposed under this subsection. The provisions of this subparagraph (4) also apply to the use tax.

(5) Renting of rooms, apartments, or sleeping quarters in a hotel, motel, inn, public lodging house, rooming house, mobile home which is tangible personal property, or tourist court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals. "Renting" and "rent" include any kind of direct or indirect charge for such rooms, apartments, or sleeping quarters, or their use. However, the tax does not apply to the sales price from the renting of a room,

apartment, or sleeping quarters while rented by the same person for a period of more than thirty-one consecutive days.

b. Sales of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property are retail sales of tangible personal property in whatever quantity sold. Where the owner, contractor, subcontractor, or builder is also a retailer holding a retail sales tax permit and transacting retail sales of building materials, supplies, and equipment, the person shall purchase such items of tangible personal property without liability for the tax if such property will be subject to the tax at the time of resale or at the time it is withdrawn from inventory for construction purposes. The sales tax shall be due in the reporting period when the materials, supplies, and equipment are withdrawn from inventory for construction purposes or when sold at retail. The tax shall not be due when materials are withdrawn from inventory for use in construction outside of Iowa and the tax shall not apply to tangible personal property purchased and consumed by the manufacturer as building materials in the performance by the manufacturer or its subcontractor of construction outside of Iowa. The sale of carpeting is not a sale of building materials. The sale of carpeting to owners, contractors, subcontractors, or builders shall be treated as the sale of ordinary tangible personal property and subject to the tax imposed under this subsection and the use tax.

c. The use within this state of tangible personal property by the manufacturer thereof, as building materials, supplies, or equipment, in the performance of construction contracts in Iowa, shall, for the purpose of this subchapter, be construed as a sale at retail of tangible personal property by the manufacturer who shall be deemed to be the consumer of such tangible personal property. The tax shall be computed upon the cost to the manufacturer of the fabrication or production of the tangible personal property.

2. A tax of five percent is imposed upon the sales price of the sale or furnishing of gas, electricity, water, heat, pay television service, and communication service, including the sales price from such sales by any municipal corporation or joint water utility furnishing gas, electricity, water, heat, pay television service, and communication service to the public in its proprietary capacity, except as otherwise provided in this subchapter, when sold at retail in the state to consumers or users.

3. A tax of five percent is imposed upon the sales price of all sales of tickets or admissions to places of amusement, fairs, and athletic events except those of elementary and secondary educational institutions. A tax of five percent is imposed on the sales price of an entry fee or like charge imposed solely for the privilege of participating in an activity at a place of amusement, fair, or athletic event unless the sales price of tickets or admissions charges for observing the same activity are taxable under this subchapter. A tax of five percent is imposed upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

4. A tax of five percent is imposed upon the sales price derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, operated or conducted within the state, the tax to be collected from the operator in the same manner as for the collection of taxes upon the sales price of tickets or admission as provided in this section. Nothing in this subsection shall legalize any games of skill or chance or slot-operated devices which are now prohibited by law.

The tax imposed under this subsection covers the total amount from the operation of games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, and musical devices, weighing machines, shooting galleries, billiard and pool tables, bowling alleys, pinball machines, slot-operated devices selling merchandise not subject to the general sales taxes and on the total amount from devices or

systems where prizes are in any manner awarded to patrons and upon the receipts from fees charged for participation in any game or other form of amusement, and generally upon the sales price from any source of amusement operated for profit, not specified in this section, and upon the sales price from which tax is not collected for tickets or admission, but tax shall not be imposed upon any activity exempt from sales tax under section 423.3, subsection 78. Every person receiving any sales price from the sources described in this section is subject to all provisions of this subchapter relating to retail sales tax and other provisions of this chapter as applicable.

5. There is imposed a tax of five percent upon the sales price from the furnishing of services as defined in section 423.1.

6. The sales price of any of the following enumerated services is subject to the tax imposed by subsection 5: alteration and garment repair; armored car; vehicle repair; battery, tire, and allied; investment counseling; service charges of all financial institutions; barber and beauty; boat repair; vehicle wash and wax; campgrounds; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dating services; dry cleaning, pressing, dyeing, and laundering; electrical and electronic repair and installation; excavating and grading; farm implement repair of all kinds; flying service; furniture, rug, carpet, and upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; gun and camera repair; house and building moving; household appliance, television, and radio repair; janitorial and building maintenance or cleaning; jewelry and watch repair; lawn care, landscaping, and tree trimming and removal; limousine service, including driver; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking facilities; pay television; pet grooming; pipe fitting and plumbing; wood



preparation; executive search agencies; private employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; reflexology; security and detective services; sewage services for nonresidential commercial operations; sewing and stitching; shoe repair and shoeshine; sign construction and installation; storage of household goods, mini-storage, and warehousing of raw agricultural products; swimming pool cleaning and maintenance; tanning beds or salons; taxidermy services; telephone answering service; test laboratories, including mobile testing laboratories and field testing by testing laboratories, and excluding tests on humans or animals; termite, bug, roach, and pest eradicators; tin and sheet metal repair; Turkish baths, massage, and reducing salons, excluding services provided by massage therapists licensed under chapter 152C; water conditioning and softening; weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl, and vegetables; wrecking service; wrecker and towing.

For the purposes of this subsection, the sales price of a lease or rental includes rents, royalties, and copyright and license fees. For the purposes of this subsection, "financial institutions" means all national banks, federally chartered savings and loan associations, federally chartered savings banks, federally chartered credit unions, banks organized under chapter 524, savings and loan associations and savings banks organized under chapter 534, and credit unions organized under chapter 533.

7. a. A tax of five percent is imposed upon the sales price from the sales, furnishing, or service of solid waste collection and disposal service.

For purposes of this subsection, "solid waste" means garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, in solid, semisolid, liquid, or contained gaseous form, resulting from nonresidential

commercial operations, but does not include auto hulks; street sweepings; ash; construction debris; mining waste; trees; tires; lead acid batteries; used oil; hazardous waste; animal waste used as fertilizer; earthen fill, boulders, or rock; foundry sand used for daily cover at a sanitary landfill; sewage sludge; solid or dissolved material in domestic sewage or other common pollutants in water resources, such as silt, dissolved or suspended solids in industrial waste water effluents or discharges which are point sources subject to permits under section 402 of the federal Water Pollution Control Act, or dissolved materials in irrigation return flows; or source, special nuclear, or by-product material defined by the federal Atomic Energy Act of 1954.

A recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least eighty-five percent is exempt from the tax imposed by this subsection if the waste exempted is collected and disposed of separately from other solid waste.

b. A person who transports solid waste generated by that person or another person without compensation shall pay the tax imposed by this subsection at the collection or disposal facility based on the disposal charge or tipping fee. However, the costs of a service or portion of a service to collect and manage recyclable materials separated from solid waste by the waste generator are exempt from the tax imposed by this subsection.

8. a. A tax of five percent is imposed upon the sales price from sales of bundled services contracts. For purposes of this subsection, a "bundled services contract" means an agreement providing for a retailer's performance of services, one or more of which is a taxable service enumerated in this section and one or more of which is not, in return for a consumer's or user's single payment for the performance of the services, with no separate statement to the consumer or user of what portion of that payment is attributable to any one service which is a part of the contract.

b. For purposes of the administration of the tax on bundled services contracts, the director may enter into agreements of limited duration with individual retailers, groups of retailers, or organizations representing retailers of bundled services contracts. Such an agreement shall impose the tax rate only upon that portion of the sales price from a bundled services contract which is attributable to taxable services provided under the contract.

9. A tax of five percent is imposed upon the sales price from any mobile telecommunications service which this state is allowed to tax by the provisions of the federal Mobile Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 116 et seq. For purposes of this subsection, taxes on mobile telecommunications service, as defined under the federal Mobile Telecommunications Sourcing Act that are deemed to be provided by the customer's home service provider, shall be paid to the taxing jurisdiction whose territorial limits encompass the customer's place of primary use, regardless of where the mobile telecommunications service originates, terminates, or passes through and shall in all other respects be taxed in conformity with the federal Mobile Telecommunications Sourcing Act. All other provisions of the federal Mobile Telecommunications Sourcing Act are adopted by the state of Iowa and incorporated into this subsection by reference. With respect to mobile telecommunications service under the federal Mobile Telecommunications Sourcing Act, the director shall, if requested, enter into agreements consistent with the provisions of the federal Act.

10. All revenues arising under the operation of the provisions of this section shall be deposited into the general fund of the state.

Sec. 96. NEW SECTION. 423.3 EXEMPTIONS.

There is exempted from the provisions of this subchapter and from the computation of the amount of tax imposed by it the following:

1. The sales price from sales of tangible personal property and services furnished which this state is prohibited

from taxing under the Constitution or laws of the United States or under the Constitution of this state.

2. The sales price of sales for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with the furnishing of taxable services.

3. The sales price of agricultural breeding livestock and domesticated fowl.

4. The sales price of commercial fertilizer.

5. The sales price of agricultural limestone, herbicide, pesticide, insecticide, including adjuvants, surfactants, and other products directly related to the application enhancement of those products, food, medication, or agricultural drain tile, including installation of agricultural drain tile, any of which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market.

6. The sales price of tangible personal property which will be consumed as fuel in creating heat, power, or steam for grain drying, or for providing heat or cooling for livestock buildings or for greenhouses or buildings or parts of buildings dedicated to the production of flowering, ornamental, or vegetable plants intended for sale in the ordinary course of business, or for use in cultivation of agricultural products by aquaculture, or in implements of husbandry engaged in agricultural production.

7. The sales price of services furnished by specialized flying implements of husbandry used for agricultural aerial spraying.

8. The sales price exclusive of services of farm machinery and equipment, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the machinery and equipment and replacement parts, if the following conditions are met:

a. The farm machinery and equipment shall be directly and primarily used in production of agricultural products.

b. The farm machinery and equipment shall constitute self-propelled implements or implements customarily drawn or attached to self-propelled implements or the farm machinery or equipment is a grain dryer.

c. The replacement part is essential to any repair or reconstruction necessary to the farm machinery's or equipment's exempt use in the production of agricultural products.

Vehicles subject to registration, as defined in section 423.1, or replacement parts for such vehicles, are not eligible for this exemption.

9. The sales price of wood chips, sawdust, hay, straw, paper, or other materials used for bedding in the production of agricultural livestock or fowl.

10. The sales price of gas, electricity, water, or heat to be used in implements of husbandry engaged in agricultural production.

11. The sales price exclusive of services of farm machinery and equipment, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the machinery and equipment and replacement parts, if all of the following conditions are met:

a. The implement, machinery, or equipment is directly and primarily used in livestock or dairy production, aquaculture production, or the production of flowering, ornamental, or vegetable plants.

b. The implement is not a self-propelled implement or implement customarily drawn or attached to self-propelled implements.

c. The replacement part is essential to any repair or reconstruction necessary to the farm machinery's or equipment's exempt use in livestock or dairy production, aquaculture production, or the production of flowering, ornamental, or vegetable plants.

12. The sales price, exclusive of services, from sales of irrigation equipment used in farming operations.

13. The sales price from the sale or rental of irrigation equipment, whether installed above or below ground, to a contractor or farmer if the equipment will be primarily used in agricultural operations.

14. The sales price from the sales of horses, commonly known as draft horses, when purchased for use and so used as draft horses.

15. The sales price from the sale of property which is a container, label, carton, pallet, packing case, wrapping, baling wire, twine, bag, bottle, shipping case, or other similar article or receptacle sold for use in agricultural, livestock, or dairy production.

16. The sales price from the sale of feed and feed supplements and additives when used for consumption by farm deer or bison.

17. The sales price of all goods, wares, or merchandise, or services, used for educational purposes sold to any private nonprofit educational institution in this state. For the purpose of this subsection, "educational institution" means an institution which primarily functions as a school, college, or university with students, faculty, and an established curriculum. The faculty of an educational institution must be associated with the institution and the curriculum must include basic courses which are offered every year.

"Educational institution" includes an institution primarily functioning as a library.

18. The sales price of tangible personal property sold, or of services furnished, to the following nonprofit corporations:

a. Residential care facilities and intermediate care facilities for persons with mental retardation and residential care facilities for persons with mental illness licensed by the department of inspections and appeals under chapter 135C.

b. Residential facilities licensed by the department of human services pursuant to chapter 237, other than those maintained by individuals as defined in section 237.1, subsection 7.

c. Rehabilitation facilities that provide accredited rehabilitation services to persons with disabilities which are accredited by the commission on accreditation of rehabilitation facilities or the accreditation council for services for persons with mental retardation and other persons with developmental disabilities and adult day care services approved for reimbursement by the state department of human services.

d. Community mental health centers accredited by the department of human services pursuant to chapter 225C.

e. Community health centers as defined in 42 U.S.C. § 254(c) and migrant health centers as defined in 42 U.S.C. § 254(b).

19. The sales price of tangible personal property sold to a nonprofit organization which was organized for the purpose of lending the tangible personal property to the general public for use by them for nonprofit purposes.

20. The sales price of tangible personal property sold, or of services furnished, to nonprofit legal aid organizations.

21. The sales price of goods, wares, or merchandise, or of services, used for educational, scientific, historic preservation, or aesthetic purpose sold to a nonprofit private museum.

22. The sales price from sales of goods, wares, or merchandise, or from services furnished, to a nonprofit private art center to be used in the operation of the art center.

23. The sales price of tangible personal property sold, or of services furnished, by a fair society organized under chapter 174.

24. The sales price from services furnished by the notification center established pursuant to section 480.3, and the vendor selected pursuant to section 480.3 to provide the notification service.

25. The sales price of food and beverages sold for human consumption by a nonprofit organization which principally promotes a food or beverage product for human consumption

produced, grown, or raised in this state and whose income is exempt from federal taxation under section 501(c) of the Internal Revenue Code.

26. The sales price of tangible personal property sold, or of services furnished, to a statewide nonprofit organ procurement organization, as defined in section 142C.2.

27. The sales price of tangible personal property sold, or of services furnished, to a nonprofit hospital licensed pursuant to chapter 135B to be used in the operation of the hospital.

28. The sales price of tangible personal property sold, or of services furnished, to a freestanding nonprofit hospice facility which operates a hospice program as defined in 42 C.F.R., ch. IV, § 418.3, which property or services are to be used in the hospice program.

29. The sales price of all goods, wares, or merchandise sold, or of services furnished, which are used in the fulfillment of a written construction contract with a nonprofit hospital licensed pursuant to chapter 135B if all of the following apply:

a. The sales and delivery of the goods, wares, or merchandise, or the services furnished occurred between July 1, 1998, and December 31, 2001.

b. The written construction contract was entered into prior to December 31, 1999, or bonds to fund the construction were issued prior to December 31, 1999.

c. The sales or services were purchased by a contractor as the agent for the hospital or were purchased directly by the hospital.

30. The sales price of livestock ear tags sold by a nonprofit organization whose income is exempt from federal taxation under section 501(c)(6) of the Internal Revenue Code where the proceeds are used in bovine research programs selected or approved by such organization.

31. The sales price of goods, wares, or merchandise sold to and of services furnished, and used for public purposes sold to a tax-certifying or tax-levying body of the state or a



governmental subdivision of the state, including regional transit systems, as defined in section 324A.1, the state board of regents, department of human services, state department of transportation, any municipally owned solid waste facility which sells all or part of its processed waste as fuel to a municipally owned public utility, and all divisions, boards, commissions, agencies, or instrumentalities of state, federal, county, or municipal government which have no earnings going to the benefit of an equity investor or stockholder, except any of the following:

a. The sales price of goods, wares, or merchandise sold to, or of services furnished, and used by or in connection with the operation of any municipally owned public utility engaged in selling gas, electricity, heat, or pay television service to the general public.

b. The sales price of furnishing of sewage services to a county or municipality on behalf of nonresidential commercial operations.

c. The furnishing of solid waste collection and disposal service to a county or municipality on behalf of nonresidential commercial operations located within the county or municipality.

The exemption provided by this subsection shall also apply to all such sales of goods, wares, or merchandise or of services furnished and subject to use tax.

32. The sales price of tangible personal property sold, or of services furnished, by a county or city. This exemption does not apply to any of the following:

a. The tax specifically imposed under section 423.2 on the sales price from sales or furnishing of gas, electricity, water, heat, pay television service, or communication service to the public by a municipal corporation in its proprietary capacity.

b. The sale or furnishing of solid waste collection and disposal service to nonresidential commercial operations.

c. The sale or furnishing of sewage service for nonresidential commercial operations.

d. Fees paid to cities and counties for the privilege of participating in any athletic sports.

33. The sales price of mementos and other items relating to Iowa history and historic sites, the general assembly, and the state capitol, sold by the legislative service bureau and its legislative information office on the premises of property under the control of the legislative council, at the state capitol, and on other state property.

34. The sales price from sales of mementos and other items relating to Iowa history and historic sites by the department of cultural affairs on the premises of property under its control and at the state capitol.

35. The sales price from sales or services furnished by the state fair organized under chapter 173.

36. The sales price from sales of tangible personal property or of the sale or furnishing of electrical energy, natural or artificial gas, or communication service to another state or political subdivision of another state if the other state provides a similar reciprocal exemption for this state and political subdivision of this state.

37. The sales price of services on or connected with new construction, reconstruction, alteration, expansion, remodeling, or the services of a general building contractor, architect, or engineer.

38. The sales price from the sale of building materials, supplies, or equipment sold to rural water districts organized under chapter 504A as provided in chapter 357A and used for the construction of facilities of a rural water district.

39. The sales price from "casual sales".

"Casual sales" means:

a. Sales of tangible personal property, or the furnishing of services, of a nonrecurring nature, by the owner, if the seller, at the time of the sale, is not engaged for profit in the business of selling tangible personal property or services taxed under section 423.2.

b. The sale of all or substantially all of the tangible personal property or services held or used by a seller in the

course of the seller's trade or business for which the seller is required to hold a sales tax permit when the seller sells or otherwise transfers the trade or business to another person who shall engage in a similar trade or business.

40. The sales price from the sale of automotive fluids to a retailer to be used either in providing a service which includes the installation or application of the fluids in or on a motor vehicle, which service is subject to section 423.2, subsection 6, or to be installed in or applied to a motor vehicle which the retailer intends to sell, which sale is subject to section 423.26. For purposes of this subsection, automotive fluids are all those which are refined, manufactured, or otherwise processed and packaged for sale prior to their installation in or application to a motor vehicle. They include but are not limited to motor oil and other lubricants, hydraulic fluids, brake fluid, transmission fluid, sealants, undercoatings, antifreeze, and gasoline additives.

41. The sales price from the rental of motion picture films, video and audio tapes, video and audio discs, records, photos, copy, scripts, or other media used for the purpose of transmitting that which can be seen, heard, or read, if either of the following conditions are met:

a. The lessee imposes a charge for the viewing of such media and the charge for the viewing is subject to taxation under this subchapter or is subject to use tax.

b. The lessee broadcasts the contents of such media for public viewing or listening.

42. The sales price from the sale of tangible personal property consisting of advertising material including paper to a person in Iowa if that person or that person's agent will, subsequent to the sale, send that advertising material outside this state and the material is subsequently used solely outside of Iowa. For the purpose of this subsection, "advertising material" means any brochure, catalog, leaflet, flyer, order form, return envelope, or similar item used to promote sales of property or services.

43. The sales price from the sale of property or of services performed on property which the retailer transfers to a carrier for shipment to a point outside of Iowa, places in the United States mail or parcel post directed to a point outside of Iowa, or transports to a point outside of Iowa by means of the retailer's own vehicles, and which is not thereafter returned to a point within Iowa, except solely in the course of interstate commerce or transportation. This exemption shall not apply if the purchaser, consumer, or their agent, other than a carrier, takes physical possession of the property in Iowa.

44. The sales price from the sale of property which is a container, label, carton, pallet, packing case, wrapping paper, twine, bag, bottle, shipping case, or other similar article or receptacle sold to retailers or manufacturers for the purpose of packaging or facilitating the transportation of tangible personal property sold at retail or transferred in association with the maintenance or repair of fabric or clothing.

45. The sales price from sales or rentals to a printer or publisher of the following: acetate; anti-halation backing; antistatic spray; back lining; base material used as a carrier for light sensitive emulsions; blankets; blow-ups; bronze powder; carbon tissue; codas; color filters; color separations; contacts; continuous tone separations; creative art; custom dies and die cutting materials; dampener sleeves; dampening solution; design and styling; diazo coating; dot etching; dot etching solutions; drawings; drawsheets; driers; duplicate films or prints; electronically digitized images; electrotypes; end product of image modulation; engravings; etch solutions; film; finished art or final art; fix; fixative spray; flats; flying pasters; foils; goldenrod paper; gum; halftones; illustrations; ink; ink paste; keylines; lacquer; lasering images; layouts; lettering; line negatives and positives; linotypes; lithographic offset plates; magnesium and zinc etchings; masking paper; masks; masters; mats; mat service; metal toner; models and modeling; mylar; negatives;

nonoffset spray; opaque film process paper; opaquing; padding compound; paper stock; photographic materials: acids, plastic film, desensitizer emulsion, exposure chemicals, fix, developers, and paper; photography, day rate; photopolymer coating; photographs; photostats; photo-display tape; phototypesetter materials; ph-indicator sticks; positives; press pack; printing cylinders; printing plates, all types; process lettering; proof paper; proofs and proof processes, all types; pumice powder; purchased author alterations; purchased composition; purchased phototypesetting; purchased stripping and pasteups; red litho tape; reducers; roller covering; screen tints; sketches; stepped plates; stereotypes; strip types; substrate; tints; tissue overlays; toners; transparencies; tympan; typesetting; typography; varnishes; veloxes; wood mounts; and any other items used in a like capacity to any of the above enumerated items by the printer or publisher to complete a finished product for sale at retail. Expendable tools and supplies which are not enumerated in this subsection are excluded from the exemption. "Printer" means that portion of a person's business engaged in printing that completes a finished product for ultimate sale at retail or means that portion of a person's business used to complete a finished printed packaging material used to package a product for ultimate sale at retail. "Printer" does not mean an in-house printer who prints or copyrights its own materials.

46. a. The sales price from the sale or rental of computers, machinery, and equipment, including replacement parts, and materials used to construct or self-construct computers, machinery, and equipment if such items are any of the following:

(1) Directly and primarily used in processing by a manufacturer.

(2) Directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer, including

test equipment used to control quality and specifications of the product.

(3) Directly and primarily used in research and development of new products or processes of processing.

(4) Computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise.

(5) Directly and primarily used in recycling or reprocessing of waste products.

(6) Pollution-control equipment used by a manufacturer, including but not limited to that required or certified by an agency of this state or of the United States government.

b. The sales price from the sale of fuel used in creating heat, power, steam, or for generating electrical current, or from the sale of electricity, consumed by computers, machinery, or equipment used in an exempt manner described in paragraph "a", subparagraph (1), (2), (3), (5), or (6).

c. The sales price from the sale or rental of the following shall not be exempt from the tax imposed by this subchapter:

(1) Hand tools.

(2) Point-of-sale equipment and computers.

(3) Industrial machinery, equipment, and computers, including pollution-control equipment within the scope of section 427A.1, subsection 1, paragraphs "h" and "i".

(4) Vehicles subject to registration, except vehicles subject to registration which are directly and primarily used in recycling or reprocessing of waste products.

d. As used in this subsection:

(1) "Commercial enterprise" includes businesses and manufacturers conducted for profit and centers for data processing services to insurance companies, financial institutions, businesses, and manufacturers, but excludes professions and occupations and nonprofit organizations.

(2) "Financial institution" means as defined in section 527.2.

(3) "Insurance company" means an insurer organized or operating under chapter 508, 514, 515, 518, 518A, 519, or 520, or authorized to do business in Iowa as an insurer or an insurance producer under chapter 522B.

(4) "Manufacturer" means as defined in section 428.20, but also includes contract manufacturers. A contract manufacturer is a manufacturer that otherwise falls within the definition of manufacturer under section 428.20, except that a contract manufacturer does not sell the tangible personal property the contract manufacturer processes on behalf of other manufacturers. A business engaged in activities subsequent to the extractive process of quarrying or mining, such as crushing, washing, sizing, or blending of aggregate materials, is a manufacturer with respect to these activities.

(5) "Processing" means a series of operations in which materials are manufactured, refined, purified, created, combined, or transformed by a manufacturer, ultimately into tangible personal property. Processing encompasses all activities commencing with the receipt or producing of raw materials by the manufacturer and ending at the point products are delivered for shipment or transferred from the manufacturer. Processing includes but is not limited to refinement or purification of materials; treatment of materials to change their form, context, or condition; maintenance of the quality or integrity of materials, components, or products; maintenance of environmental conditions necessary for materials, components, or products; quality control activities; and construction of packaging and shipping devices, placement into shipping containers or any type of shipping devices or medium, and the movement of materials, components, or products until shipment from the processor.

(6) "Receipt or producing of raw materials" means activities performed upon tangible personal property only. With respect to raw materials produced from or upon real estate, the receipt or producing of raw materials is deemed to occur immediately following the severance of the raw materials from the real estate.

47. The sales price from the furnishing of the design and installation of new industrial machinery or equipment, including electrical and electronic installation.

48. The sales price from the sale of carbon dioxide in a liquid, solid, or gaseous form, electricity, steam, and other taxable services when used by a manufacturer of food products to produce marketable food products for human consumption, including but not limited to treatment of material to change its form, context, or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture.

49. The sales price of sales of electricity, steam, or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail.

50. The sales price of tangible personal property sold for processing. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail; or for generating electric current; or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing tangible personal property which is intended to be sold ultimately at retail or consumed in the maintenance or repair of fabric or clothing, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption set out in this subsection and in subsection 49.



51. The sales price from the sale of argon and other similar gases to be used in the manufacturing process.

52. The sales price from the sale of electricity to water companies assessed for property tax pursuant to sections 428.24, 428.26, and 428.28 which is used solely for the purpose of pumping water from a river or well.

53. The sales price from the sale of wind energy conversion property to be used as an electric power source and the sale of the materials used to manufacture, install, or construct wind energy conversion property used or to be used as an electric power source.

For purposes of this subsection, "wind energy conversion property" means any device, including, but not limited to, a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation, which converts wind energy to a form of usable energy.

54. The sales price from the sales of newspapers, free newspapers, or shoppers guides and the printing and publishing of such newspapers and shoppers guides, and envelopes for advertising.

55. The sales price from the sale of motor fuel and special fuel consumed for highway use or in watercraft or aircraft where the fuel tax has been imposed and paid and no refund has been or will be allowed and the sales price from the sales of ethanol blended gasoline, as defined in section 452A.2.

56. The sales price from all sales of food and food ingredients. However, as used in this subsection, "food" does not include alcoholic beverages, candy, dietary supplements, food sold through vending machines, prepared food, soft drinks, and tobacco.

For the purposes of this subsection:

a. "Alcoholic beverages" means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume.

b. "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy shall not include any preparation containing flour and shall require no refrigeration.

c. "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that contains one or more of the following dietary ingredients:

(1) A vitamin.

(2) A mineral.

(3) An herb or other botanical.

(4) An amino acid.

(5) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake.

(6) A concentrate, metabolite, constituent, extract, or combination of any of the ingredients in subparagraphs (1) through (5) that is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found on the label and as required pursuant to 21 C.F.R. § 101.36.

d. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value.

e. "Food sold through vending machines" means food dispensed from a machine or other mechanical device that accepts payment, other than food which would be qualified for exemption under subsection 57 if purchased with a coupon described in subsection 57.

f. "Prepared food" means any of following:

(1) Food sold in a heated state or heated by the seller, including food sold by a caterer.

(2) Two or more food ingredients mixed or combined by the seller for sale as a single item.

(3) "Prepared food", for the purposes of this paragraph, does not include food that is any of the following:

(a) Only cut, repackaged, or pasteurized by the seller.

(b) Eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the United States food and drug administration in chapter 3, part 401.11 of its food code, so as to prevent food borne illnesses.

(c) Bakery items sold by the seller which baked them. The words "bakery items" includes but is not limited to breads, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, and tortillas.

(d) Food sold without eating utensils provided by the seller in an unheated state as a single item which is priced by weight or volume.

(4) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport food.

g. "Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products; soy, rice, or similar milk substitutes; or greater than fifty percent of vegetable or fruit juice by volume.

f. "Tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

57. The sales price from the sale of items purchased with coupons issued under the federal Food Stamp Act of 1977, 7 U.S.C. § 2011 et seq.

58. In transactions in which tangible personal property is traded toward the sales price of other tangible personal property, that portion of the sales price which is not payable in money to the retailer is exempted from the taxable amount if the following conditions are met:

a. The tangible personal property traded to the retailer is the type of property normally sold in the regular course of the retailer's business.

b. The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail or is intended to be used by the retailer or another in the remanufacturing of a like item.

59. The sales price from the sale or rental of prescription drugs or medical devices intended for human use or consumption.

For the purposes of this subsection:

a. "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages which is any of the following:

(1) Recognized in the official United States pharmacopoeia, official homeopathic pharmacopoeia of the United States, or official national formulary, and supplement to any of them.

(2) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease.

(3) Intended to affect the structure or any function of the body.

b. "Medical device" means equipment or a supply, intended to be prescribed by a practitioner, including orthopedic or orthotic devices. However, "medical device" also includes prosthetic devices, ostomy, urological, and tracheostomy equipment and supplies, and diabetic testing materials, hypodermic syringes and needles, anesthesia trays, biopsy trays and biopsy needles, cannula systems, catheter trays and invasive catheters, dialyzers, drug infusion devices, fistula sets, hemodialysis devices, insulin infusion devices, intraocular lenses, irrigation solutions, intravenous administering sets, solutions and stopcocks, myelogram trays, nebulizers, small vein infusion kits, spinal puncture trays, transfusion sets, venous blood sets, and oxygen equipment, intended to be dispensed for human use with or without a prescription to an ultimate user.

c. "Practitioner" means a practitioner as defined in section 155A.3, or a person licensed to prescribe drugs.

d. "Prescription drug" means a drug intended to be dispensed to an ultimate user pursuant to a prescription drug order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner, or oxygen or insulin dispensed for human consumption with or without a prescription drug order or medication order.

e. "Prosthetic device" means a replacement, corrective, or supportive device including repair and replacement parts for the same worn on or in the body to do any of the following:

- (1) Artificially replace a missing portion of the body.
- (2) Prevent or correct physical deformity or malfunction.
- (3) Support a weak or deformed portion of the body.

f. "Ultimate user" means an individual who has lawfully obtained and possesses a prescription drug or medical device for the individual's own use or for the use of a member of the individual's household, or an individual to whom a prescription drug or medical device has been lawfully supplied, administered, dispensed, or prescribed.

60. The sales price from services furnished by aerial commercial and charter transportation services.

61. The sales price from the sale of raffle tickets for a raffle licensed pursuant to section 99B.5.

62. The sales price from the sale of tangible personal property which will be given as prizes to players in games of skill, games of chance, raffles, and bingo games as defined in chapter 99B.

63. The sales price from the sale of a modular home, as defined in section 435.1, to the extent of the portion of the purchase price of the modular home which is not attributable to the cost of the tangible personal property used in the processing of the modular home. For purposes of this exemption, the portion of the purchase price which is not attributable to the cost of the tangible personal property used in the processing of the modular home is forty percent.

64. The sales price from charges paid to a provider for access to on-line computer services. For purposes of this subsection, "on-line computer service" means a service that provides or enables computer access by multiple users to the internet or to other information made available through a computer server.

65. The sales price from the sale or rental of information services. "Information services" means every business activity, process, or function by which a seller or its agent accumulates, prepares, organizes, or conveys data, facts, knowledge, procedures, and like services to a buyer or its agent of such information through any tangible or intangible medium. Information accumulated, prepared, or organized for a buyer or its agent is an information service even though it may incorporate preexisting components of data or other information. "Information services" includes, but is not limited to, database files, mailing lists, subscription files, market research, credit reports, surveys, real estate listings, bond rating reports, abstracts of title, bad check lists, broadcasting rating services, wire services, and scouting reports, or other similar items.

66. The sales price of a sale at retail if the substance of the transaction is delivered to the purchaser digitally, electronically, or utilizing cable, or by radio waves, microwaves, satellites, or fiber optics.

67. a. The sales price from the sale of an article of clothing designed to be worn on or about the human body if all of the following apply:

(1) The sales price of the article is less than one hundred dollars.

(2) The sale takes place during a period beginning at 12:01 a.m. on the first Friday in August and ending at midnight on the following Saturday.

b. This subsection does not apply to any of the following:

(1) Sport or recreational equipment and protective equipment.

(2) Clothing accessories or equipment.

(3) The rental of clothing.

c. For purposes of this subsection:

(1) "Clothing" means all human wearing apparel suitable for general use. "Clothing" includes, but is not limited to the following: aprons, household and shop; athletic supporters; baby receiving blankets; bathing suits and caps; beach capes and coats; belts and suspenders; boots; coats and jackets; costumes; diapers (children and adults, including disposable diapers); earmuffs; footlets; formal wear; garters and garter belts; girdles; gloves and mittens for general use; hats and caps; hosiery; insoles for shoes; lab coats; neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoelaces; slippers; sneakers; socks and stockings; steel-toed shoes; underwear; uniforms, athletic and nonathletic; and wedding apparel.

"Clothing" does not include the following: belt buckles sold separately; costume masks sold separately; patches and emblems sold separately; sewing equipment and supplies (including, but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles); and sewing materials that become part of clothing (including, but not limited to, buttons, fabric, lace, thread, yarn, and zippers).

(2) "Clothing accessories or equipment" means incidental items worn on the person or in conjunction with clothing. "Clothing accessories or equipment" includes, but is not limited to, the following: briefcases; cosmetics; hair notions (including, but not limited to, barrettes, hair bows, and hair nets); handbags; handkerchiefs; jewelry; sunglasses, nonprescription; umbrellas; wallets; watches; and wigs and hairpieces.

(3) "Protective equipment" means items for human wear and designed as protection for the wearer against injury or disease or as protection against damage or injury of other persons or property but not suitable for general use. "Protective equipment" includes, but is not limited to, the following: breathing masks; clean room apparel and equipment;

ear and hearing protectors; face shields; hard hats; helmets; paint or dust respirators; protective gloves; safety glasses and goggles; safety belts; tool belts; and welders gloves and masks.

(4) "Sport or recreational equipment" means items designed for human use and worn in conjunction with an athletic or recreational activity that are not suitable for general use. "Sport or recreational equipment" includes, but is not limited to, the following: ballet and tap shoes; cleated or spiked athletic shoes; gloves (including, but not limited to, baseball, bowling, boxing, hockey, and golf); goggles; hand and elbow guards; life preservers and vests; mouth guards; roller and ice skates; shin guards; shoulder pads; ski boots; waders; and wetsuits and fins.

68. a. Subject to paragraph "b", the sales price from the sale or furnishing of metered gas, electricity, and fuel, including propane and heating oil, to residential customers which is used to provide energy for residential dwellings and units of apartment and condominium complexes used for human occupancy.

b. The exemption in this subsection shall be phased in by means of a reduction in the tax rate as follows:

(1) If the date of the utility billing or meter reading cycle of the residential customer for the sale or furnishing of metered gas and electricity is on or after January 1, 2002, through December 31, 2002, or if the sale or furnishing of fuel for purposes of residential energy and the delivery of the fuel occurs on or after January 1, 2002, through December 31, 2002, the rate of tax is four percent of the sales price.

(2) If the date of the utility billing or meter reading cycle of the residential customer for the sale or furnishing of metered gas and electricity is on or after January 1, 2003, through June 30, 2008, or if the sale or furnishing of fuel for purposes of residential energy and the delivery of the fuel occurs on or after January 1, 2003, through June 30, 2008, the rate of tax is three percent of the sales price.



(3) If the date of the utility billing or meter reading cycle of the residential customer for the sale or furnishing of metered gas and electricity is on or after July 1, 2008, through June 30, 2009, or if the sale or furnishing of fuel for purposes of residential energy and the delivery of the fuel occurs on or after July 1, 2008, through June 30, 2009, the rate of tax is two percent of the sales price.

(4) If the date of the utility billing or meter reading cycle of the residential customer for the sale or furnishing of metered gas and electricity is on or after July 1, 2009, through June 30, 2010, or if the sale or furnishing of fuel for purposes of residential energy and the delivery of the fuel occurs on or after July 1, 2009, through June 30, 2010, the rate of tax is one percent of the sales price.

(5) If the date of the utility billing or meter reading cycle of the residential customer for the sale or furnishing of metered gas and electricity is on or after July 1, 2010, or if the sale, furnishing, or service of fuel for purposes of residential energy and the delivery of the fuel occurs on or after July 1, 2010, the rate of tax is zero percent of the sales price.

c. The exemption in this subsection does not apply to local option sales and services tax imposed pursuant to chapters 423B and 423E.

69. The sales price from charges paid for the delivery of electricity or natural gas if the sale or furnishing of the electricity or natural gas or its use is exempt from the tax on sales prices imposed under this subchapter or from the use tax imposed under subchapter III.

70. The sales price from the sales, furnishing, or service of transportation service except the rental of recreational vehicles or recreational boats, except the rental of motor vehicles subject to registration which are registered for a gross weight of thirteen tons or less for a period of sixty days or less, and except the rental of aircraft for a period of sixty days or less. This exemption does not apply to the transportation of electric energy or natural gas.

71. The sales price from sales of tangible personal property used or to be used as railroad rolling stock for transporting persons or property, or as materials or parts therefor.

72. The sales price from the sales of special fuel for diesel engines consumed or used in the operation of ships, barges, or waterborne vessels which are used primarily in or for the transportation of property or cargo, or the conveyance of persons for hire on rivers bordering on the state if the fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while it is afloat upon such a river.

73. The sales price from sales of vehicles subject to registration or subject only to the issuance of a certificate of title and sales of aircraft subject to registration under section 328.20.

74. The sales price from the sale of aircraft for use in a scheduled interstate federal aviation administration certificated air carrier operation.

75. The sales price from the sale or rental of aircraft; the sale or rental of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the sales price of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in a scheduled interstate federal aviation administration certificated air carrier operation.

76. The sales price from the sale or rental of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the sales price of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or

parts. For the purposes of this exemption, "aircraft" means aircraft used in nonscheduled interstate federal aviation administration certificated air carrier operation operating under 14 C.F.R. ch. 1, pt. 135.

77. The sales price from the sale of aircraft to an aircraft dealer who in turn rents or leases the aircraft if all of the following apply:

a. The aircraft is kept in the inventory of the dealer for sale at all times.

b. The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.

c. The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

If an aircraft exempt under this subsection is used for any purpose other than leasing or renting, or the conditions in paragraphs "a", "b", and "c" are not continuously met, the dealer claiming the exemption under this subsection is liable for the tax that would have been due except for this subsection. The tax shall be computed upon the original purchase price.

78. The sales price from sales or rental of tangible personal property, or services rendered by any entity where the profits from the sales or rental of the tangible personal property, or services rendered are used by or donated to a nonprofit entity which is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code, a government entity, or a nonprofit private educational institution, and where the entire proceeds from the sales, rental, or services are expended for any of the following purposes:

a. Educational.

b. Religious.

c. Charitable. A charitable act is an act done out of goodwill, benevolence, and a desire to add to or to improve the good of humankind in general or any class or portion of humankind, with no pecuniary profit inuring to the person performing the service or giving the gift.

This exemption does not apply to the sales price from games of skill, games of chance, raffles, and bingo games as defined in chapter 99B. This exemption is disallowed on the amount of the sales price only to the extent the profits from the sales, rental, or services are not used by or donated to the appropriate entity and expended for educational, religious, or charitable purposes.

79. The sales price from the sale or rental of tangible personal property or from services furnished to a recognized community action agency as provided in section 216A.93 to be used for the purposes of the agency.

80. a. For purposes of this subsection, "designated exempt entity" means an entity which is designated in section 423.4, subsection 1.

b. If a contractor, subcontractor, or builder is to use building materials, supplies, and equipment in the performance of a construction contract with a designated exempt entity, the person shall purchase such items of tangible personal property without liability for the tax if such property will be used in the performance of the construction contract and a purchasing agent authorization letter and an exemption certificate, issued by the designated exempt entity, are presented to the retailer.

c. Where the owner, contractor, subcontractor, or builder is also a retailer holding a retail sales tax permit and transacting retail sales of building materials, supplies, and equipment, the tax shall not be due when materials are withdrawn from inventory for use in construction performed for a designated exempt entity if an exemption certificate is received from such entity.

d. Tax shall not apply to tangible personal property purchased and consumed by a manufacturer as building materials, supplies, or equipment in the performance of a construction contract for a designated exempt entity, if a purchasing agent authorization letter and an exemption certificate are received from such entity and presented to a retailer.

81. The sales price from the sales of lottery tickets or shares pursuant to chapter 99G.

82. The sales price from the sale or rental of core and mold making equipment and sand handling equipment directly and primarily used in the mold making process by a foundry.

83. The sales price from noncustomer point of sale or noncustomer automated teller machine access or service charges assessed by a financial institution. For purposes of this subsection, "financial institution" means the same as defined in section 527.2.

Sec. 97. NEW SECTION. 423.4 REFUNDS.

1. A private nonprofit educational institution in this state, nonprofit private museum in this state, tax-certifying or tax-levying body or governmental subdivision of the state, including the state board of regents, state department of human services, state department of transportation, a municipally owned solid waste facility which sells all or part of its processed waste as fuel to a municipally owned public utility, and all divisions, boards, commissions, agencies, or instrumentalities of state, federal, county, or municipal government which do not have earnings going to the benefit of an equity investor or stockholder, may make application to the department for the refund of the sales or use tax upon the sales price of all sales of goods, wares, or merchandise, or from services furnished to a contractor, used in the fulfillment of a written contract with the state of Iowa, any political subdivision of the state, or a division, board, commission, agency, or instrumentality of the state or a political subdivision, a private nonprofit educational institution in this state, or a nonprofit private museum in this state if the property becomes an integral part of the project under contract and at the completion of the project becomes public property, is devoted to educational uses, or becomes a nonprofit private museum; except goods, wares, or merchandise, or services furnished which are used in the performance of any contract in connection with the operation of any municipal utility engaged in selling gas, electricity,

or heat to the general public or in connection with the operation of a municipal pay television system; and except goods, wares, and merchandise used in the performance of a contract for a "project" under chapter 419 as defined in that chapter other than goods, wares, or merchandise used in the performance of a contract for a "project" under chapter 419 for which a bond issue was approved by a municipality prior to July 1, 1968, or for which the goods, wares, or merchandise becomes an integral part of the project under contract and at the completion of the project becomes public property or is devoted to educational uses.

a. Such contractor shall state under oath, on forms provided by the department, the amount of such sales of goods, wares, or merchandise, or services furnished and used in the performance of such contract, and upon which sales or use tax has been paid, and shall file such forms with the governmental unit, private nonprofit educational institution, or nonprofit private museum which has made any written contract for performance by the contractor. The forms shall be filed by the contractor with the governmental unit, educational institution, or nonprofit private museum before final settlement is made.

b. Such governmental unit, educational institution, or nonprofit private museum shall, not more than one year after the final settlement has been made, make application to the department for any refund of the amount of the sales or use tax which shall have been paid upon any goods, wares, or merchandise, or services furnished, the application to be made in the manner and upon forms to be provided by the department, and the department shall forthwith audit the claim and, if approved, issue a warrant to the governmental unit, educational institution, or nonprofit private museum in the amount of the sales or use tax which has been paid to the state of Iowa under the contract.

Refunds authorized under this subsection shall accrue interest at the rate in effect under section 421.7 from the first day of the second calendar month following the date the refund claim is received by the department.

c. Any contractor who willfully makes a false report of tax paid under the provisions of this subsection is guilty of a simple misdemeanor and in addition shall be liable for the payment of the tax and any applicable penalty and interest.

2. The refund of sales and use tax paid on transportation construction projects let by the state department of transportation is subject to the special provisions of this subsection.

a. A contractor awarded a contract for a transportation construction project is considered the consumer of all building materials, building supplies, and equipment and shall pay sales tax to the supplier or remit consumer use tax directly to the department.

b. The contractor is not required to file information with the state department of transportation stating the amount of goods, wares, or merchandise, or services rendered, furnished, or performed and used in the performance of the contract or the amount of sales or use tax paid.

c. The state department of transportation shall file a refund claim based on a formula that considers the following:

(1) The quantity of material to complete the contract, and quantities of items of work.

(2) The estimated cost of these materials included in the items of work, and the state sales or use tax to be paid on the tax rate in effect in section 423.2. The quantity of materials shall be determined after each letting based on the contract quantities of all items of work let to contract. The quantity of individual component materials required for each item shall be determined and maintained in a database. The total quantities of materials shall be determined by multiplying the quantities of component materials for each contract item of work by the total quantities of each contract item for each letting. Where variances exist in the cost of materials, the lowest cost shall be used as the base cost.

d. Only the state sales or use tax is refundable. Local option taxes paid by the contractor are not refundable.

3. A relief agency may apply to the director for refund of the amount of sales or use tax imposed and paid upon sales to it of any goods, wares, merchandise, or services furnished, used for free distribution to the poor and needy.

a. The refunds may be obtained only in the following amounts and manner and only under the following conditions:

(1) On forms furnished by the department, and filed within the time as the director shall provide by rule, the relief agency shall report to the department the total amount or amounts, valued in money, expended directly or indirectly for goods, wares, merchandise, or services furnished, used for free distribution to the poor and needy.

(2) On these forms the relief agency shall separately list the persons making the sales to it or to its order, together with the dates of the sales, and the total amount so expended by the relief agency.

(3) The relief agency must prove to the satisfaction of the director that the person making the sales has included the amount thereof in the computation of the sales price of such person and that such person has paid the tax levied by this subchapter or subchapter III, based upon such computation of the sales price.

b. If satisfied that the foregoing conditions and requirements have been complied with, the director shall refund the amount claimed by the relief agency.

#### SUBCHAPTER III

#### USE TAX

#### Sec. 98. NEW SECTION. 423.5 IMPOSITION OF TAX.

An excise tax at the rate of five percent of the purchase price or installed purchase price is imposed on the following:

1. The use in this state of tangible personal property as defined in section 423.1, including aircraft subject to registration under section 328.20, purchased for use in this state. For the purposes of this subchapter, the furnishing or use of the following services is also treated as the use of tangible personal property: optional service or warranty contracts, except residential service contracts regulated



under chapter 523C, vulcanizing, recapping, or retreading services, engraving, photography, retouching, printing, or binding services, and communication service when furnished or delivered to consumers or users within this state.

2. The use of manufactured housing in this state, on the purchase price if the manufactured housing is sold in the form of tangible personal property or on the installed purchase price if the manufactured housing is sold in the form of realty.

3. The use of leased vehicles, on the amount subject to tax as calculated pursuant to section 423.27.

4. Purchases of tangible personal property made from the government of the United States or any of its agencies by ultimate consumers shall be subject to the tax imposed by this section. Services purchased from the same source or sources shall be subject to the service tax imposed by this subchapter and apply to the user of the services.

5. The use in this state of services enumerated in section 423.2. This tax is applicable where services are furnished in this state or where the product or result of the service is used in this state.

6. The excise tax is imposed upon every person using the property within this state until the tax has been paid directly to the county treasurer, the state department of transportation, a retailer, or the department. This tax is imposed on every person using the services or the product of the services in this state until the user has paid the tax either to an Iowa use tax permit holder or to the department.

7. For the purpose of the proper administration of the use tax and to prevent its evasion, evidence that tangible personal property was sold by any person for delivery in this state shall be prima facie evidence that such tangible personal property was sold for use in this state.

Sec. 99. NEW SECTION. 423.6 EXEMPTIONS.

The use in this state of the following tangible personal property and services is exempted from the tax imposed by this subchapter:

1. Tangible personal property and enumerated services, the sales price from the sale of which are required to be included in the measure of the sales tax, if that tax has been paid to the department or the retailer. This exemption does not include vehicles subject to registration or subject only to the issuance of a certificate of title.

2. The sale of tangible personal property or the furnishing of services in the regular course of business.

3. Property used in processing. The use of property in processing within the meaning of this subsection shall mean and include any of the following:

a. Any tangible personal property including containers which it is intended shall, by means of fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail, and containers used in the collection, recovery, or return of empty beverage containers subject to chapter 455C.

b. Fuel which is consumed in creating power, heat, or steam for processing or for generating electric current.

c. Chemicals, solvents, sorbents, or reagents, which are directly used and are consumed, dissipated, or depleted in processing tangible personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product.

d. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption in this subsection.

4. All articles of tangible personal property brought into the state of Iowa by a nonresident individual for the individual's use or enjoyment while within the state.

5. Services exempt from taxation by the provisions of section 423.3.

6. Tangible personal property or services the sales price of which is exempt from the sales tax under section 423.3, except subsections 39 and 73, as it relates to the sale, but not the lease or rental, of vehicles subject to registration

or subject only to the issuance of a certificate of title and as it relates to aircraft subject to registration under section 328.20.

7. Advertisement and promotional material and matter, seed catalogs, envelopes for same, and other similar material temporarily stored in this state which are acquired outside of Iowa and which, subsequent to being brought into this state, are sent outside of Iowa, either singly or physically attached to other tangible personal property sent outside of Iowa.

8. Vehicles, as defined in section 321.1, subsections 41, 64A, 71, 85, and 88, except such vehicles subject to registration which are designed primarily for carrying persons, when purchased for lease and actually leased to a lessee for use outside the state of Iowa and the subsequent sole use in Iowa is in interstate commerce or interstate transportation.

9. Tangible personal property which, by means of fabrication, compounding, or manufacturing, becomes an integral part of vehicles, as defined in section 321.1, subsections 41, 64A, 71, 85, and 88, manufactured for lease and actually leased to a lessee for use outside the state of Iowa and the subsequent sole use in Iowa is in interstate commerce or interstate transportation. Vehicles subject to registration which are designed primarily for carrying persons are excluded from this subsection.

10. Vehicles subject to registration which are transferred from a business or individual conducting a business within this state as a sole proprietorship, partnership, or limited liability company to a corporation formed by the sole proprietorship, partnership, or limited liability company for the purpose of continuing the business when all of the stock of the corporation so formed is owned by the sole proprietor and the sole proprietor's spouse, by all the partners in the case of a partnership, or by all the members in the case of a limited liability company. This exemption is equally available where the vehicles subject to registration are transferred from a corporation to a sole proprietorship,

partnership, or limited liability company formed by that corporation for the purpose of continuing the business when all of the incidents of ownership are owned by the same person or persons who were stockholders of the corporation.

This exemption also applies where the vehicles subject to registration are transferred from a corporation as part of the liquidation of the corporation to its stockholders if within three months of such transfer the stockholders retransfer those vehicles subject to registration to a sole proprietorship, partnership, or limited liability company for the purpose of continuing the business of the corporation when all of the incidents of ownership are owned by the same person or persons who were stockholders of the corporation.

10A. Vehicles subject to registration which are transferred from a corporation that is primarily engaged in the business of leasing vehicles subject to registration to a corporation that is primarily engaged in the business of leasing vehicles subject to registration when the transferor and transferee corporations are part of the same controlled group for federal income tax purposes.

11. Vehicles registered or operated under chapter 326 and used substantially in interstate commerce, section 423.5, subsection 7, notwithstanding. For purposes of this subsection, "substantially in interstate commerce" means that a minimum of twenty-five percent of the miles operated by the vehicle accrues in states other than Iowa. This subsection applies only to vehicles which are registered for a gross weight of thirteen tons or more.

For purposes of this subsection, trailers and semitrailers registered or operated under chapter 326 are deemed to be used substantially in interstate commerce and to be registered for a gross weight of thirteen tons or more.

For the purposes of this subsection, if a vehicle meets the requirement that twenty-five percent of the miles operated accrues in states other than Iowa in each year of the first four-year period of operation, the exemption from use tax shall continue until the vehicle is sold or transferred. If

the vehicle is found to have not met the exemption requirements or the exemption was revoked, the value of the vehicle upon which the use tax shall be imposed is the book or market value, whichever is less, at the time the exemption requirements were not met or the exemption was revoked.

12. Mobile homes and manufactured housing the use of which has previously been subject to the tax imposed under this subchapter and for which that tax has been paid.

13. Mobile homes to the extent of the portion of the purchase price of the mobile home which is not attributable to the cost of the tangible personal property used in the processing of the mobile home, and manufactured housing to the extent of the purchase price or the installed purchase price of the manufactured housing which is not attributable to the cost of the tangible personal property used in the processing of the manufactured housing. For purposes of this exemption, the portion of the purchase price which is not attributable to the cost of the tangible personal property used in the processing of the mobile home is forty percent and the portion of the purchase price or installed purchase price which is not attributable to the cost of the tangible personal property used in the processing of the manufactured housing is forty percent.

14. Tangible personal property used or to be used as a ship, barge, or waterborne vessel which is used or to be used primarily in or for the transportation of property or cargo for hire on the rivers bordering the state or as materials or parts of such ship, barge, or waterborne vessel.

15. Vehicles subject to registration in any state when purchased for rental or registered and titled by a motor vehicle dealer licensed pursuant to chapter 322 for rental use, and held for rental for a period of one hundred twenty days or more and actually rented for periods of sixty days or less by a person regularly engaged in the business of renting vehicles including, but not limited to, motor vehicle dealers licensed pursuant to chapter 322 who rent automobiles to users, if the rental of the vehicles is subject to taxation under chapter 423C.

16. Motor vehicles subject to registration which were registered and titled between July 1, 1982, and July 1, 1992, to a motor vehicle dealer licensed under chapter 322 and which were rented to a user as defined in section 423C.2 if the following occurred:

- a. The dealer kept the vehicle on the inventory of vehicles for sale at all times.
- b. The vehicle was to be immediately taken from the user of the vehicle when a buyer was found.
- c. The user was aware of this situation.

17. Vehicles subject to registration under chapter 321, with a gross vehicle weight rating of less than sixteen thousand pounds, excluding motorcycles and motorized bicycles, when purchased for lease and titled by the lessor licensed pursuant to chapter 321F and actually leased for a period of twelve months or more if the lease of the vehicle is subject to taxation under section 423.27.

A lessor may maintain the exemption from use tax under this subsection for a qualifying lease that terminates at the conclusion or prior to the contracted expiration date, if the lessor does not use the vehicle for any purpose other than for lease. Once the vehicle is used by the lessor for a purpose other than for lease, the exemption from use tax under this subsection no longer applies and, unless there is an exemption from the use tax, use tax is due on the fair market value of the vehicle determined at the time the lessor uses the vehicle for a purpose other than for lease, payable to the department. If the lessor holds the vehicle exclusively for sale, use tax is due and payable on the purchase price of the vehicle at the time of purchase pursuant to this subchapter.

18. Aircraft for use in a scheduled interstate federal aviation administration certificated air carrier operation.

19. Aircraft; tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are

performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in a scheduled interstate federal aviation administration certificated air carrier operation.

20. Tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in a nonscheduled interstate federal aviation administration certificated air carrier operation operating under 14 C.F.R., ch. 1, pt. 135.

21. Aircraft sold to an aircraft dealer who in turn rents or leases the aircraft if all of the following apply:

a. The aircraft is kept in the inventory of the dealer for sale at all times.

b. The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.

c. The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

If an aircraft exempt under this subsection is used for any purpose other than leasing or renting, or the conditions in paragraphs "a", "b", and "c" are not continuously met, the dealer claiming the exemption under this subsection is liable for the tax that would have been due except for this subsection. The tax shall be computed upon the original purchase price.

22. The use in this state of building materials, supplies, or equipment, the sale or use of which is not treated as a retail sale or a sale at retail under section 423.2, subsection 1.

23. Exempted from the purchase price of any vehicle subject to registration is:

a. The amount of any cash rebate which is provided by a motor vehicle manufacturer to the purchaser of the vehicle subject to registration so long as the rebate is applied to the purchase price of the vehicle.

b. That in transactions, except those subject to paragraph "c", in which tangible personal property is traded toward the purchase price of other tangible personal property the purchase price is only that portion of the purchase price which is payable in money to the retailer if the following conditions are met:

(1) The tangible personal property traded to the retailer is the type of property normally sold in the regular course of the retailer's business.

(2) The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail or is intended to be used by the retailer or another in the remanufacturing of a like item.

c. In a transaction between persons, neither of which is a retailer of vehicles subject to registration, in which a vehicle subject to registration is traded toward the purchase price of another vehicle subject to registration, the amount of the trade-in value allowed on the vehicle subject to registration traded.

#### SUBCHAPTER IV

##### UNIFORM SALES AND USE TAX ADMINISTRATION ACT

Sec. 100. NEW SECTION. 423.7 TITLE.

This subchapter shall be known and may be cited as the "Uniform Sales and Use Tax Administration Act".

Sec. 101. NEW SECTION. 423.8 LEGISLATIVE FINDING AND INTENT.

The general assembly finds that Iowa should enter into an agreement with one or more states to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce. It is the intent of the general assembly that entering into this agreement will lead to simplification and modernization of the sales and use tax law



and not to the imposition of new taxes or an increase or decrease in the existing number of exemptions, unless such a result is unavoidable under the terms of the agreement.

Sec. 102. NEW SECTION. 423.9 AUTHORITY TO ENTER AGREEMENT AND TO REPRESENT THE STATE.

The director is authorized and directed to enter into the streamlined sales and use tax agreement with one or more states to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce.

The director is further authorized to take other actions reasonably required to implement the provisions set forth in this chapter. Other actions authorized by this section include, but are not limited to, the adoption of rules and the joint procurement, with other member states, of goods and services in furtherance of the cooperative agreement.

The director or the director's designee is authorized to be a member of the governing board established pursuant to the agreement and to represent Iowa before that body.

Sec. 103. NEW SECTION. 423.10 RELATIONSHIP TO STATE LAW.

Entry into the agreement by the director does not amend or modify any law of this state. Implementation of any condition of the agreement in this state, whether adopted before, at, or after membership of this state in the agreement, shall be by action of the general assembly.

Sec. 104. NEW SECTION. 423.11 AGREEMENT REQUIREMENTS.

The director shall not enter into the agreement unless the agreement requires each state to abide by the following requirements:

1. UNIFORM STATE RATE. The agreement must set restrictions to achieve more uniform state rates through the following:

- a. Limiting the number of state rates.
- b. Limiting the application of maximums on the amount of state tax that is due on a transaction.
- c. Limiting the application of thresholds on the application of state tax.

2. UNIFORM STANDARDS. The agreement must establish uniform standards for the following:

- a. The sourcing of transactions to taxing jurisdictions.
- b. The administration of exempt sales.
- c. The allowances a seller can take for bad debts.
- d. Sales and use tax returns and remittances.

3. UNIFORM DEFINITIONS. The agreement must require states to develop and adopt uniform definitions of sales and use tax terms. The definitions must enable a state to preserve its ability to make policy choices not inconsistent with the uniform definitions.

4. CENTRAL REGISTRATION. The agreement must provide a central, electronic registration system that allows a seller to register to collect and remit sales and use taxes for all member states.

5. NO NEXUS ATTRIBUTION. The agreement must provide that registration with the central registration system and the collection of sales and use taxes in the member states must not be used as a factor in determining whether the seller has nexus with a state for any tax.

6. LOCAL SALES AND USE TAXES. The agreement must provide for reduction of the burdens of complying with local sales and use taxes through the following:

a. Restricting variances between the state and local tax bases.

b. Requiring states to administer any sales and use taxes levied by local jurisdictions within the state so that sellers collecting and remitting these taxes must not have to register or file returns with, remit funds to, or be subject to independent audits from local taxing jurisdictions.

c. Restricting the frequency of changes in the local sales and use tax rates and setting effective dates for the application of local jurisdictional boundary changes to local sales and use taxes.

d. Providing notice of changes in local sales and use tax rates and of changes in the boundaries of local taxing jurisdictions.

7. MONETARY ALLOWANCES. The agreement must outline any monetary allowances that are to be provided by the states to sellers or certified service providers.

8. STATE COMPLIANCE. The agreement must require each state to certify compliance with the terms of the agreement prior to joining and to maintain compliance, under the laws of the member state, with all provisions of the agreement while a member.

9. CONSUMER PRIVACY. The agreement must require each state to adopt a uniform policy for certified service providers that protects the privacy of consumers and maintains the confidentiality of tax information.

10. ADVISORY COUNCILS. The agreement must provide for the appointment of an advisory council of private sector representatives and an advisory council of nonmember state representatives to consult with in the administration of the agreement.

Sec. 105. NEW SECTION. 423.12 LIMITED BINDING AND BENEFICIAL EFFECT.

1. The agreement binds and inures only to the benefit of Iowa and the other member states. A person, other than a member state, is not an intended beneficiary of the agreement. Any benefit to a person other than a member state is established by the law of Iowa and not by the terms of the agreement.

2. A person shall not have any cause of action or defense under the agreement or by virtue of this state's entry into the agreement. A person may not challenge, in any action brought under any provision of law, any action or inaction by any department, agency, or other instrumentality of this state, or any political subdivision of this state on the ground that the action or inaction is inconsistent with the agreement.

3. A law of this state, or the application of it, shall not be declared invalid as to any such person or circumstance on the ground that the provision or application is inconsistent with the agreement.

SUBCHAPTER V

SALES AND USE TAX ACT -- ADMINISTRATION OF  
RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

Sec. 106. NEW SECTION. 423.13 PURPOSE OF THIS  
SUBCHAPTER.

The purpose of this subchapter is to provide for the administration and collection of sales or use tax on the part of retailers who are not registered under the agreement and for the collection of use tax on the part of consumers who are obligated to pay that tax directly. Any application of the sections of this subchapter to retailers registered under the agreement is only by way of incorporation by reference into subchapter VI of this chapter.

Sec. 107. NEW SECTION. 423.14 SALES AND USE TAX  
COLLECTION.

1. a. Sales tax, other than that described in paragraph "c", shall be collected by sellers who are retailers or by their agents. Sellers or their agents shall, as far as practicable, add the sales tax, or the average equivalent thereof, to the sales price or charge, less trade-ins allowed and taken and when added such tax shall constitute a part of the sales price or charge, shall be a debt from consumer or user to seller or agent until paid, and shall be recoverable at law in the same manner as other debts.

b. In computing the tax to be collected as the result of any transaction, the tax computation must be carried to the third decimal place. Whenever the third decimal place is greater than four, the tax must be rounded up to the next whole cent; whenever the third decimal place is four or less, the tax must be rounded downward to a whole cent. Sellers may elect to compute the tax due on transactions on an item or invoice basis. Sellers are not required to use a bracket system.

c. The tax imposed upon those sales of motor vehicle fuel which are subject to tax and refund under chapter 452A shall be collected by the state treasurer by way of deduction from

refunds otherwise allowable under that chapter. The treasurer shall transfer the amount of such deductions from the motor vehicle fuel tax fund to the special tax fund.

2. Use tax shall be collected in the following manner:

a. The tax upon the use of all vehicles subject to registration or subject only to the issuance of a certificate of title or the tax upon the use of manufactured housing shall be collected by the county treasurer or the state department of transportation pursuant to sections 423.26 and 423.27. The county treasurer shall retain one dollar from each tax payment collected, to be credited to the county general fund.

b. The tax upon the use of all tangible personal property other than that enumerated in paragraph "a", which is sold by a seller who is a retailer maintaining a place of business in this state, or by such other retailer or agent as the director shall authorize pursuant to section 423.30, shall be collected by the retailer or agent and remitted to the department, pursuant to the provisions of paragraph "e", and sections 423.24, 423.29, 423.30, 423.32, and 423.33.

c. The tax upon the use of all tangible personal property not paid pursuant to paragraphs "a" and "b" shall be paid to the department directly by any person using the property within this state, pursuant to the provisions of section 423.34.

d. The tax imposed on the use of services enumerated in section 423.5 shall be collected, remitted, and paid to the department of revenue and finance in the same manner as use tax on tangible personal property is collected, remitted, and paid under this subchapter.

e. All persons obligated by paragraph "a", "b", or "d", to collect use tax shall, as far as practicable, add that tax, or the average equivalent thereof, to the purchase price, less trade-ins allowed and taken, and when added the tax shall constitute a part of the purchase price. Use tax which this section requires to be collected by a retailer and any tax collected pursuant to this section by a retailer shall constitute a debt owed by the retailer to this state. Tax

which must be paid directly to the department, pursuant to paragraph "c" or "d", is to be computed and added by the consumer or user to the purchase price in the same manner as this paragraph requires a seller to compute and add the tax. The tax shall be a debt from the consumer or user to the department until paid, and shall be recoverable at law in the same manner as other debts.

Sec. 108. NEW SECTION. 423.15 GENERAL SOURCING RULES.

All sellers obligated to collect Iowa sales or use tax shall use the standards set out in this section to determine where sales of products occur, excluding sales enumerated in section 423.16. These provisions apply regardless of the characterization of a product as tangible personal property, a digital good, or a service, excluding telecommunications services. This section only applies to determine a seller's obligation to pay or collect and remit a sales or use tax with respect to the seller's sale of a product. This section does not affect the obligation of a purchaser or lessee to remit tax on the use of the product to the taxing jurisdictions in which the use occurs. A seller's obligation to collect Iowa sales tax or Iowa use tax only occurs if the sale is sourced to this state. The application of whether Iowa sales tax applies to sales sourced to Iowa depends upon where the sale is consummated by delivery.

1. Sales, excluding leases or rentals other than leases or rentals set out in subsection 2, of products shall be sourced as follows:

a. When the product is received by the purchaser at a business location of the seller, the sale is sourced to that business location.

b. When the product is not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser or the purchaser's donee, designated as such by the purchaser, occurs, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller.

c. When paragraphs "a" and "b" do not apply, the sale is sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith.

d. When paragraphs "a", "b", and "c" do not apply, the sale is sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith.

e. When paragraphs "a", "b", "c", and "d" do not apply, including the circumstance where the seller is without sufficient information to apply the previous rules, then the location will be determined by the address from which tangible personal property was shipped, from which the digital good or the computer software delivered electronically was first available for transmission by the seller, or from which the service was provided disregarding for these purposes any location that merely provided the digital transfer of the product sold.

2. The lease or rental of tangible personal property, other than property identified in subsection 3 or section 423.16, shall be sourced as follows:

a. For a lease or rental that requires recurring periodic payments, the first periodic payment is sourced the same as a retail sale in accordance with the provisions of subsection 1. Periodic payments made subsequent to the first payment are sourced to the primary property location for each period covered by the payment. The primary property location shall be as indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of this address does not constitute bad faith. The property location shall not be altered by intermittent use at different locations, such as use of business property that accompanies employees on business trips and service calls.

b. For a lease or rental that does not require recurring periodic payments, the payment is sourced the same as a retail sale in accordance with the provisions of subsection 1.

c. This subsection does not affect the imposition or computation of sales or use tax on leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for lease.

3. The retail sale, including lease or rental, of transportation equipment shall be sourced the same as a retail sale in accordance with the provisions of subsection 1, notwithstanding the exclusion of lease or rental in that subsection. "Transportation equipment" means any of the following:

a. Locomotives or railcars that are utilized for the carriage of persons or property in interstate commerce.

b. Trucks and truck-tractors with a gross vehicle weight rating of ten thousand one pounds or greater, trailers, semitrailers, or passenger buses that meet both of the following requirements:

(1) Are registered through the international registration plan.

(2) Are operated under authority of a carrier authorized and certificated by the United States department of transportation or another federal authority to engage in the carriage of persons or property in interstate commerce.

c. Aircraft that are operated by air carriers authorized and certificated by the United States department of transportation or another federal or a foreign authority to engage in the carriage of persons or property in interstate or foreign commerce.

d. Containers designed for use on and component parts attached or secured on the items set forth in paragraphs "a" through "c".

Sec. 109. NEW SECTION. 423.16 TRANSACTIONS TO WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

Section 423.15 does not apply to sales or use taxes levied on the following:



1. The retail sale or transfer of watercraft, modular homes, manufactured housing, or mobile homes, and the retail sale, excluding lease or rental, of motor vehicles, trailers, semitrailers, or aircraft that do not qualify as transportation equipment, as defined in section 423.15, subsection 3.

2. The lease or rental of motor vehicles, trailers, semitrailers, or aircraft that do not qualify as transportation equipment, as defined in section 423.15, subsection 3, which shall be sourced in accordance with section 423.17.

3. Transactions to which the multiple points use exemption is applicable, which shall be sourced in accordance with section 423.18.

4. Transactions to which direct mail sourcing is applicable, which shall be sourced in accordance with section 423.19.

5. Telecommunications services, as set out in section 423.20, which shall be sourced in accordance with section 423.20, subsection 2.

Sec. 110. NEW SECTION. 423.17 SOURCING RULES FOR VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS NOT TRANSPORTATION EQUIPMENT.

The lease or rental of motor vehicles, trailers, semitrailers, or aircraft that do not qualify as transportation equipment, as defined in section 423.15, subsection 3, shall be sourced as follows:

1. For a lease or rental that requires recurring periodic payments, each periodic payment is sourced to the primary property location. The primary property location shall be as indicated by an address for the property provided by the lessee that is available to the lessor from its records maintained in the ordinary course of business, when use of this address does not constitute bad faith. This location shall not be altered by intermittent use at different locations.

2. For a lease or rental that does not require recurring periodic payments, the payment is sourced the same as a retail sale in accordance with the provisions of section 423.15, subsection 1.

3. This section does not affect the imposition or computation of sales or use tax on leases or rentals based on a lump sum or accelerated basis, or on the acquisition of property for lease.

Sec. 111. NEW SECTION. 423.18 MULTIPLE POINTS OF USE EXEMPTION FORMS.

A business purchaser that is not a holder of a direct pay tax permit pursuant to section 423.36 that knows at the time of its purchase of a digital good, computer software delivered electronically, or a service that the digital good, computer software delivered electronically, or service will be concurrently available for use in more than one jurisdiction shall deliver to the seller in conjunction with its purchase a "multiple points of use" or "MPU" exemption form disclosing this fact.

1. Upon receipt of the MPU exemption form, the seller is relieved of all obligation to collect, pay, or remit the applicable tax and the purchaser shall be obligated to collect, pay, or remit the applicable tax on a direct pay basis.

2. A purchaser delivering the MPU exemption form may use any reasonable, but consistent and uniform, method of apportionment that is supported by the purchaser's business records as they exist at the time of the consummation of the sale.

3. The MPU exemption form will remain in effect for all future sales by the seller to the purchaser except as to the subsequent sale's specific apportionment that is governed by the principle of subsection 2 and the facts existing at the time of the sale until it is revoked in writing.

4. A holder of a direct pay tax permit under section 423.36 shall not be required to deliver an MPU exemption form to the seller. A direct pay tax permit holder shall follow

the provisions of subsection 2 in apportioning the tax due on a digital good, computer software delivered electronically, or service that will be concurrently available for use in more than one jurisdiction.

Sec. 112. NEW SECTION. 423.19 DIRECT MAIL SOURCING.

1. Notwithstanding section 423.15, a purchaser of direct mail that is not a holder of a direct pay tax permit pursuant to section 423.36 shall provide to the seller in conjunction with the purchase either a direct mail form or information to show the jurisdictions to which the direct mail is delivered to recipients.

a. Upon receipt of the direct mail form, the seller is relieved of all obligations to collect, pay, or remit the applicable tax and the purchaser is obligated to pay or remit the applicable tax on a direct pay basis. A direct mail form shall remain in effect for all future sales of direct mail by the seller to the purchaser until it is revoked in writing.

b. Upon receipt of information from the purchaser showing the jurisdictions to which the direct mail is delivered to recipients, the seller shall collect the tax according to the delivery information provided by the purchaser. In the absence of bad faith, the seller is relieved of any further obligation to collect tax on any transaction where the seller has collected tax pursuant to the delivery information provided by the purchaser.

2. If the purchaser of direct mail does not have a direct pay tax permit and does not provide the seller with either a direct mail form or delivery information, as required by subsection 1, the seller shall collect the tax according to section 423.15, subsection 1, paragraph "e". Nothing in this subsection shall limit a purchaser's obligation for sales or use tax to any state to which the direct mail is delivered.

3. If a purchaser of direct mail provides the seller with documentation of direct pay authority, the purchaser shall not be required to provide a direct mail form or delivery information to the seller.

Sec. 113. NEW SECTION. 423.20 TELECOMMUNICATIONS SERVICE SOURCING.

1. As used in this section:

a. "Air-to-ground radiotelephone service" means a radio service, as that term is used in 47 C.F.R. § 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

b. "Call-by-call basis" means any method of charging for the telecommunications service where the price is measured by individual calls.

c. "Communications channel" means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points.

d. "Customer" means the person or entity that contracts with the seller of the telecommunications service. If the end user of the telecommunications service is not the contracting party, the end user of the telecommunications service is the customer of the telecommunications service, but this sentence only applies for the purpose of sourcing sales of the telecommunications service under this section. "Customer" does not include a reseller of a telecommunications service or for mobile telecommunications service of a serving carrier under an agreement to serve the customer outside the home service provider's licensed service area.

e. "Customer channel termination point" means the location where the customer either inputs or receives the communications.

f. "End user" means the person who utilizes the telecommunications service. In the case of an entity, "end user" means the individual who utilizes the service on behalf of the entity.

g. "Home service provider" means the same as that term is defined in the federal Mobile Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 124(5).

h. "Mobile telecommunications service" means the same as that term is defined in federal Mobile Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 124(7).

i. "Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications service, "place of primary use" must be within the licensed service area of the home service provider.

j. "Postpaid calling service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. A "postpaid calling service" includes a telecommunications service that would be a prepaid calling service except it is not exclusively a telecommunications service.

k. "Prepaid calling service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the amount declines with use in a known amount.

l. "Private communication service" means a telecommunications service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

m. "Service address" means one of the following:

(1) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid.

(2) If the location in subparagraph (1) is not known, "service address" means the origination point of the signal of the telecommunications service first identified by either the seller's telecommunications system or in information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

(3) If the locations in subparagraphs (1) and (2) are not known, the "service address" means the location of the customer's place of primary use.

2. Sales of telecommunications services shall be sourced in the following manner:

a. Except for the defined telecommunications services in paragraph "c", the sale of telecommunications services sold on a call-by-call basis shall be sourced to one of the following:

(1) Each level of taxing jurisdiction where the call originates and terminates in that jurisdiction.

(2) Each level of taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

b. Except for the defined telecommunications services in paragraph "c", a sale of telecommunications services sold on a basis other than a call-by-call basis is sourced to the customer's place of primary use.

c. Sale of the following telecommunications services shall be sourced to each level of taxing jurisdiction as follows:

(1) A sale of mobile telecommunications services other than air-to-ground radiotelephone service or prepaid calling service is sourced to the customer's place of primary use as required by the federal Mobile Telecommunications Sourcing Act.

(2) A sale of postpaid calling service is sourced to the origination point of the telecommunications signal as first identified by either of the following:

(a) The seller's telecommunications system.

(b) Information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

(3) A sale of prepaid calling service is sourced in accordance with section 423.15. However, in the case of a sale of mobile telecommunications services that is a prepaid telecommunications service, the rule provided in section 423.15, subsection 1, paragraph "e", shall include as an option the location associated with the mobile telephone number.

(4) A sale of a private telecommunications service is sourced as follows:

(a) Service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which such customer channel termination point is located.

(b) Service where all customer termination points are located entirely within one jurisdiction or level of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located.

(c) Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segments of a channel are separately charged is sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located.

(d) Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in such jurisdiction by the total number of customer channel termination points.

Sec. 114. NEW SECTION. 423.21 BAD DEBT DEDUCTIONS.

1. For the purposes of this section, "bad debt" means an amount properly calculated pursuant to section 166 of the Internal Revenue Code then adjusted to exclude financing charges or interest, sales or use taxes charged on the purchase price, uncollectible amounts on property that remain in the possession of the seller until the full purchase price is paid, expenses incurred in attempting to collect any debt, and repossessed property.

2. In computing the amount of tax due, a seller may deduct bad debts from the total amount upon which the tax is calculated for any return. Any deduction taken or refund paid which is attributed to bad debts shall not include interest.

3. A seller may deduct bad debts on the return for the period during which the bad debt is written off as uncollectible in the seller's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subsection, a seller who is not required to file federal income tax returns may deduct a bad debt on a return filed for the period in which the bad debt is written off as uncollectible in the seller's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the seller were required to file a federal income tax return.

4. If a deduction is taken for a bad debt and the seller subsequently collects the debt in whole or in part, the tax on the amount so collected must be paid and reported on the return filed for the period in which the collection is made.

5. A seller may obtain a refund of tax on any amount of bad debt that exceeds the amount of taxable sales within the period allowed for refund claims by section 423.47. However, the period allowed for refund claims shall be measured from the due date of the return on which the bad debt could first be claimed.

6. For the purposes of computing a bad debt deduction or reporting a payment received on a previously claimed bad debt, any payments made on a debt or account shall be applied first to the price of the property or service and tax thereon, proportionally, and secondly to interest, service charges, and any other charges.

Sec. 115. NEW SECTION. 423.22 TAXATION IN ANOTHER STATE.

If any person who causes tangible personal property to be brought into this state or who uses in this state services enumerated in section 423.2 has already paid a tax in another state in respect to the sale or use of the property or the performance of the service, or an occupation tax in respect to



the property or service, in an amount less than the tax imposed by subchapter II or III, the provisions of those subchapters shall apply, but at a rate measured by the difference only between the rate fixed by subchapter II or III and the rate by which the previous tax on the sale or use, or the occupation tax, was computed. If the tax imposed and paid in the other state is equal to or more than the tax imposed by those subchapters, then a tax is not due in this state on the personal property or service.

Sec. 116. NEW SECTION. 423.23 SELLERS' AGREEMENTS.

Agreements between competing sellers, or the adoption of appropriate rules and regulations by organizations or associations of sellers to provide uniform methods for adding sales or use tax or the average equivalent thereof, and which do not involve price-fixing agreements otherwise unlawful, are expressly authorized and shall be held not in violation of chapter 553 or other antitrust laws of this state. The director shall cooperate with sellers, organizations, or associations in formulating agreements and rules.

Sec. 117. NEW SECTION. 423.24 ABSORBING TAX PROHIBITED.

A seller shall not advertise or hold out or state to the public or to any purchaser, consumer, or user, directly or indirectly, that the taxes or any parts thereof imposed by subchapter II or III will be assumed or absorbed by the seller or the taxes will not be added to the sales price of the property sold, or if added that the taxes or any part thereof will be refunded. Any person violating any of the provisions of this section within this state is guilty of a simple misdemeanor.

Sec. 118. NEW SECTION. 423.25 DIRECTOR'S POWER TO ADOPT RULES.

The director shall have the power to adopt rules for adding the taxes imposed by subchapters II and III, or the average equivalents thereof, by providing different methods applying uniformly to retailers within the same general classification for the purpose of enabling the retailers to add and collect, as far as practicable, the amounts of those taxes.

Sec. 119. NEW SECTION. 423.26 VEHICLES SUBJECT TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE -- MANUFACTURED HOUSING.

The use tax imposed upon the use of vehicles subject to registration or subject only to the issuance of a certificate of title or imposed upon the use of manufactured housing shall be paid by the owner of the vehicle or of the manufactured housing to the county treasurer or the state department of transportation from whom the registration receipt or certificate of title is obtained. A registration receipt for a vehicle subject to registration or certificate of title shall not be issued until the tax has been paid. The county treasurer or the state department of transportation shall require every applicant for a registration receipt for a vehicle subject to registration or certificate of title to supply information as the county treasurer or the director deems necessary as to the time of purchase, the purchase price, installed purchase price, and other information relative to the purchase of the vehicle or manufactured housing. On or before the tenth day of each month, the county treasurer or the state department of transportation shall remit to the department the amount of the taxes collected during the preceding month.

A person who willfully makes a false statement in regard to the purchase price of a vehicle subject to taxation under this section is guilty of a fraudulent practice. A person who willfully makes a false statement in regard to the purchase price of such a vehicle with the intent to evade the payment of tax shall be assessed a penalty of seventy-five percent of the amount of tax unpaid and required to be paid on the actual purchase price less trade-in allowance.

Sec. 120. NEW SECTION. 423.27 MOTOR VEHICLE LEASE TAX.

1. The use tax imposed upon the use of leased vehicles subject to registration under chapter 321, with gross vehicle weight ratings of less than sixteen thousand pounds, excluding motorcycles and motorized bicycles, which are leased by a lessor licensed pursuant to chapter 321F for a period of

twelve months or more shall be paid by the owner of the vehicle to the county treasurer or state department of transportation from whom the registration receipt or certificate of title is obtained. A registration receipt for a vehicle subject to registration or issuance of a certificate of title shall not be issued until the tax is paid in the initial instance. Tax on the lease transaction that does not require titling or registration of the vehicle shall be remitted to the department. Tax and the reporting of tax due to the department shall be remitted on or before fifteen days from the last day of the month that the vehicle lease tax becomes due. Failure to timely report or remit any of the tax when due shall result in a penalty and interest being imposed on the tax due pursuant to section 423.40, subsection 1, and section 423.42, subsection 1.

2. The amount subject to tax shall be computed on each separate lease transaction by taking the total of the lease payments, plus the down payment, and excluding all of the following:

- a. Title fee.
- b. Registration fees.
- c. Vehicle lease tax pursuant to this section.
- d. Federal excise taxes attributable to the sale of the vehicle to the owner or to the lease of the vehicle by the owner.
- e. Optional service or warranty contracts subject to tax pursuant to section 423.2, subsection 1.
- f. Insurance.
- g. Manufacturer's rebate.
- h. Refundable deposit.
- i. Finance charges, if any, on items listed in paragraphs "a" through "h".

If any or all of the items in paragraphs "a" through "i" are excluded from the taxable lease price, the owner shall maintain adequate records of the amounts of those items. If the parties to a lease enter into an agreement providing that the tax imposed under this statute is to be paid by the lessee

or included in the monthly lease payments to be paid by the lessee, the total cost of the tax shall not be included in the computation of lease price for the purpose of taxation under this section. The county treasurer, the state department of transportation, or the department of revenue and finance shall require every applicant for a registration receipt for a vehicle subject to tax under this section to supply information as the county treasurer or director deems necessary as to the date of the lease transaction, the lease price, and other information relative to the lease of the vehicle.

3. On or before the tenth day of each month, the county treasurer or the state department of transportation shall remit to the department the amount of the taxes collected during the preceding month.

4. If the lease is terminated prior to the termination date contained in the lease agreement, no refund shall be allowed for tax previously paid under this section, except as provided in section 322G.4.

Sec. 121. NEW SECTION. 423.28 SALES TAX REPORT -- DEDUCTION.

Motor vehicle or trailer dealers, in making their reports and returns to the department for the purpose of paying the sales tax, shall be permitted to deduct all sales prices from retail sales of vehicles subject to registration or subject only to the issuance of a certificate of title. Sales prices from sales of vehicles subject to registration or subject only to the issuance of a certificate of title are exempted from the sales tax, but, if required by the director, the sales prices shall be included in the returns made by motor vehicle or trailer dealers under subchapter II, and proper deductions taken pursuant to this section.

Sec. 122. NEW SECTION. 423.29 COLLECTIONS BY SELLERS.

Every seller who is a retailer and who is making taxable sales of tangible personal property in Iowa shall, at the time of selling the property, collect the sales tax. Every seller who is a retailer maintaining a place of business in this

state and selling tangible personal property for use in Iowa shall, at the time of making the sale, whether within or without the state, collect the use tax. Sellers required to collect sales or use tax shall give to any purchaser a receipt for the tax collected in the manner and form prescribed by the director.

Every seller who is a retailer furnishing taxable services in Iowa and every seller who is a retailer maintaining a place of business in this state and furnishing taxable services in Iowa or services outside Iowa if the product or result of the service is used in Iowa shall be subject to the provisions of the preceding paragraph.

Sec. 123. NEW SECTION. 423.30 FOREIGN SELLERS NOT REGISTERED UNDER THE AGREEMENT.

The director may, upon application, authorize the collection of the use tax by any seller who is a retailer not maintaining a place of business within this state and not registered under the agreement, who, to the satisfaction of the director, furnishes adequate security to ensure collection and payment of the tax. Such sellers shall be issued, without charge, permits to collect tax subject to any regulations which the director shall prescribe. When so authorized, it shall be the duty of foreign sellers to collect the tax upon all tangible personal property sold, to the retailer's knowledge, for use within this state, in the same manner and subject to the same requirements as a retailer maintaining a place of business within this state. The authority and permit may be canceled when, at any time, the director considers the security inadequate, or that tax can more effectively be collected from the person using property in this state.

The discretionary power granted in this section is extended to apply in the case of foreign retailers furnishing services enumerated in section 423.2.

Sec. 124. NEW SECTION. 423.31 FILING OF SALES TAX RETURNS AND PAYMENT OF SALES TAX.

1. Each person subject to this section and section 423.36 and in accordance with the provisions of this section and

section 423.36 shall, on or before the last day of the month following the close of each calendar quarter during which such person is or has become or ceased being subject to the provisions of this section and section 423.36, make, sign, and file a return for the calendar quarter in the form as may be required. Returns shall show information relating to sales prices including goods, wares, and services converted to the use of such person, the amounts of sales prices excluded and exempt from the tax, the amounts of sales prices subject to tax, a calculation of tax due, and any other information for the period covered by the return as may be required. Returns shall be signed by the retailer or the retailer's authorized agent and must be certified by the retailer to be correct in accordance with forms and rules prescribed by the director.

2. Persons required to file, or committed to file by reason of voluntary action or by order of the department, deposits of taxes due under this subchapter shall be entitled to take credit against the total quarterly amount of tax due such amount as shall have been deposited by such persons during that calendar quarter. The balance remaining due after such credit for deposits shall be entered on the return. However, such person may be granted an extension of time not exceeding thirty days for filing the quarterly return, upon a proper showing of necessity. If an extension is granted, such person shall have paid by the twentieth day of the month following the close of such quarter ninety percent of the estimated tax due.

3. The sales tax forms prescribed by the director shall be referred to as "retailers tax deposit". Deposit forms shall be signed by the retailer or the retailer's duly authorized agent, and shall be duly certified by the retailer or agent to be correct. The director may authorize incorporated banks and trust companies or other depositories authorized by law which are depositories or financial agents of the United States, or of this state, to receive any sales tax imposed under this chapter, in the manner, at the times, and under the conditions the director prescribes. The director shall prescribe the

manner, times, and conditions under which the receipt of the tax by those depositories is to be treated as payment of the tax to the department.

4. Every retailer at the time of making any return required by this section shall compute and pay to the department the tax due for the preceding period. The tax on sales prices from the sale or rental of tangible personal property under a consumer rental purchase agreement as defined in section 537.3604, subsection 8, is payable in the tax period of receipt.

5. Upon making application and receiving approval from the director, a parent corporation and its affiliated corporations that make retail sales of tangible personal property or taxable enumerated services may make deposits and file a consolidated sales tax return for the affiliated group, pursuant to rules adopted by the director. A parent corporation and each affiliate corporation that files a consolidated return are jointly and severally liable for all tax, penalty, and interest found due for the tax period for which a consolidated return is filed or required to be filed.

A business required to file a consolidated sales tax return shall file a form entitled "schedule of consolidated business locations" with its quarterly sales tax return that shows the taxpayer's consolidated permit number, the permit number for each Iowa business location, the state sales tax amount by business location, and the amount of state sales tax due on goods consumed that are not assigned to a specific business location. Consolidated quarterly sales tax returns that are not accompanied by the schedule of consolidated business locations form are considered incomplete and are subject to penalty under section 421.27.

6. If necessary or advisable in order to insure the payment of the tax, the director may require returns and payment of the tax to be made for other than quarterly periods, the provisions of this section, or other provision to the contrary notwithstanding.

Sec. 125. NEW SECTION. 423.32 FILING OF USE TAX RETURNS AND PAYMENT OF USE TAX.

1. A retailer maintaining a place of business in this state who is required to collect or a user who is required to pay the use tax or a foreign retailer authorized, pursuant to section 423.30, to collect the use tax, shall remit to the department the amount of tax on or before the last day of the month following each calendar quarterly period. However, a retailer who collects or owes more than fifteen hundred dollars in use taxes in a month shall deposit with the department or in a depository authorized by law and designated by the director, the amount collected or owed, with a deposit form for the month as prescribed by the director.

a. The deposit form is due on or before the twentieth day of the month following the month of collection, except a deposit is not required for the third month of the calendar quarter, and the total quarterly amount, less the amounts deposited for the first two months of the quarter, is due with the quarterly report on the last day of the month following the month of collection. At that time, the retailer shall file with the department a return for the preceding quarterly period in the form prescribed by the director showing the purchase price of the tangible personal property sold by the retailer during the preceding quarterly period, the use of which is subject to the use tax imposed by this chapter, and other information the director deems necessary for the proper administration of the use tax.

b. The return shall be accompanied by a remittance of the use tax for the period covered by the return. If necessary in order to ensure payment to the state of the tax, the director may in any or all cases require returns and payments to be made for other than quarterly periods. The director, upon request and a proper showing of necessity, may grant an extension of time not to exceed thirty days for making any return and payment. Returns shall be signed, in accordance with forms and rules prescribed by the director, by the retailer or the retailer's authorized agent, and shall be certified by the retailer or agent to be correct.



2. If it is reasonably expected, as determined by rules prescribed by the director, that a retailer's annual sales or use tax liability will not exceed one hundred twenty dollars for a calendar year, the retailer may request and the director may grant permission to the retailer, in lieu of the quarterly filing and remitting requirements set out elsewhere in this section, to file the return required by and remit the sales or use tax due under this section on a calendar-year basis. The return and tax are due and payable no later than January 31 following each calendar year in which the retailer carries on business.

3. The director, in cooperation with the department of management, may periodically change the filing and remittance thresholds by administrative rule if in the best interests of the state and taxpayer to do so.

Sec. 126. NEW SECTION. 423.33 LIABILITY OF PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR USE TAX.

1. LIABILITY OF PURCHASER FOR SALES TAX. If a purchaser fails to pay sales tax to the retailer required to collect the tax, then in addition to all of the rights, obligations, and remedies provided, the tax is payable by the purchaser directly to the department, and sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to the purchaser. For failure to pay, the retailer and purchaser are liable, unless the circumstances described in section 421.60, subsection 2, paragraph "m", or section 423.45, subsection 4, paragraph "b" or "e", or subsection 5, paragraph "c" or "e", are applicable.

2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE TAX. If a retailer sells the retailer's business or stock of goods or quits the business, the retailer shall prepare a final return and pay all sales or use tax due within the time required by law. The immediate successor to the retailer, if any, shall withhold a sufficient portion of the purchase price, in money or money's worth, to pay the amount of delinquent tax, interest, or penalty due and unpaid. If the immediate successor of the business or stock of goods intentionally

fails to withhold the amount due from the purchase price as provided in this subsection, the immediate successor is personally liable for the payment of delinquent taxes, interest, and penalty accrued and unpaid on account of the operation of the business by the immediate former retailer, except when the purchase is made in good faith as provided in section 421.28. However, a person foreclosing on a valid security interest or retaking possession of premises under a valid lease is not an "immediate successor" for purposes of this section. The department may waive the liability of the immediate successor under this subsection if the immediate successor exercised good faith in establishing the amount of the previous liability.

3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A person sponsoring a flea market or a craft, antique, coin, or stamp show or similar event shall obtain from every retailer selling tangible personal property or taxable services at the event proof that the retailer possesses a valid sales tax permit or secure from the retailer a statement, taken in good faith, that property or services offered for sale are not subject to sales tax. Failure to do so renders a sponsor of the event liable for payment of any sales tax, interest, and penalty due and owing from any retailer selling property or services at the event. Sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to the sponsors. For purposes of this subsection, a person sponsoring a flea market or a craft, antique, coin, or stamp show or similar event does not include an organization which sponsors an event less than three times a year or a state, county, or district agricultural fair.

Sec. 127. NEW SECTION. 423.34 LIABILITY OF USER.

Any person who uses any property or services enumerated in section 423.2 upon which the use tax has not been paid, either to the county treasurer or to a retailer or direct to the department as required by this subchapter, shall be liable for the payment of tax, and shall on or before the last day of the month next succeeding each quarterly period pay the use tax

upon all property or services used by the person during the preceding quarterly period in the manner and accompanied by such returns as the director shall prescribe. All of the provisions of sections 423.32 and 423.33 with reference to the returns and payments shall be applicable to the returns and payments required by this section.

Sec. 128. NEW SECTION. 423.35 POSTING OF BOND TO SECURE PAYMENT.

The director may, when necessary and advisable in order to secure the collection of the sales or use tax, authorize any person subject to either tax, and any retailer required or authorized to collect those taxes pursuant to the provisions of section 423.14, to file with the department a bond, issued by a surety company authorized to transact business in this state and approved by the insurance commissioner as to solvency and responsibility, in an amount as the director may fix, to secure the payment of any tax, interest, or penalties due or which may become due from such person. In lieu of a bond, securities approved by the director, in an amount which the director may prescribe, may be deposited with the department, which securities shall be kept in the custody of the department and may be sold by the director at public or private sale, without notice to the depositor, if it becomes necessary to do so in order to recover any tax, interest, or penalties due. Upon the sale, the surplus, if any, above the amounts due under this chapter shall be returned to the person who deposited the securities.

Sec. 129. NEW SECTION. 423.36 PERMITS REQUIRED TO COLLECT SALES OR USE TAX -- APPLICATIONS -- REVOCATION.

1. A person shall not engage in or transact business as a retailer making taxable sales of tangible personal property or furnishing services within this state or as a retailer making taxable sales of tangible personal property or furnishing services for use within this state, unless a permit has been issued to the retailer under this section, except as provided in subsection 6. Every person desiring to engage in or transact business as a retailer shall file with the department

an application for a permit to collect sales or use tax. Every application for a sales or use tax permit shall be made upon a form prescribed by the director and shall set forth any information the director may require. The application shall be signed by an owner of the business if a natural person; in the case of a retailer which is an association or partnership, by a member or partner; and in the case of a retailer which is a corporation, by an executive officer or some person specifically authorized by the corporation to sign the application, to which shall be attached the written evidence of the person's authority.

2. To collect sales or use tax, the applicant must have a permit for each place of business in the state of Iowa. The department may deny a permit to an applicant who is substantially delinquent in paying a tax due, or the interest or penalty on the tax, administered by the department at the time of application. If the applicant is a partnership, a permit may be denied if a partner is substantially delinquent in paying any delinquent tax, penalty, or interest. If the applicant is a corporation, a permit may be denied if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax, penalty, or interest.

3. The department shall grant and issue to each applicant a permit for each place of business in this state where sales or use tax is collected. A permit is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated or at a place of relocation within the state if the ownership remains the same.

If an applicant is making sales outside Iowa for use in this state or furnishing services outside Iowa, the product or result of which will be used in this state, that applicant shall be issued one use tax permit by the department applicable to these out-of-state sales or services.

4. Permits issued under this section are valid and effective until revoked by the department.

5. If the holder of a permit fails to comply with any of the provisions of this subchapter or of subchapter II or III or any order or rule of the department adopted under those subchapters or is substantially delinquent in the payment of a tax administered by the department or the interest or penalty on the tax, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax of the permit-holding corporation, or interest or penalty on the tax, administered by the department, the director may revoke the permit. The director shall send notice by mail to a permit holder informing that person of the director's intent to revoke the permit and of the permit holder's right to a hearing on the matter. If the permit holder petitions the director for a hearing on the proposed revocation, after giving ten days' notice of the time and place of the hearing in accordance with section 17A.18, subsection 3, the matter may be heard and a decision rendered. The director may restore permits after revocation. The director shall adopt rules setting forth the period of time a retailer must wait before a permit may be restored or a new permit may be issued. The waiting period shall not exceed ninety days from the date of the revocation of the permit.

6. Sellers who are not regularly engaged in selling at retail and do not have a permanent place of business, but who are temporarily engaged in selling from trucks, portable roadside stands, concessionaires at state, county, district, or local fairs, carnivals, or the like, shall report and remit the sales tax on a temporary basis, under rules the director shall provide for the efficient collection of the sales tax. This subsection applies to sellers who are temporarily engaged in furnishing services.

Persons engaged in selling tangible personal property or furnishing services shall not be required to obtain or retain a sales tax permit for a place of business at which taxable sales of tangible personal property or taxable performance of services will not occur.

7. The provisions of subsection 1, dealing with the lawful right of a retailer to transact business, as applicable, apply to persons having receipts from furnishing services enumerated in section 423.2, except that a person holding a permit pursuant to subsection 1 shall not be required to obtain any separate sales tax permit for the purpose of engaging in business involving the services.

8. a. Except as provided in paragraph "b", purchasers, users, and consumers of tangible personal property or enumerated services taxed pursuant to subchapter II or III of this chapter or chapters 423B and 423E may be authorized, pursuant to rules adopted by the director, to remit tax owed directly to the department instead of the tax being collected and paid by the seller. To qualify for a direct pay tax permit, the purchaser, user, or consumer must accrue a tax liability of more than four thousand dollars in tax under subchapters II and III in a semimonthly period and make deposits and file returns pursuant to section 423.31. This authority shall not be granted or exercised except upon application to the director and then only after issuance by the director of a direct pay tax permit.

b. The granting of a direct pay tax permit is not authorized for any of the following:

(1) Taxes imposed on the sales, furnishing, or service of gas, electricity, water, heat, pay television service, and communication service.

(2) Taxes imposed under sections 423.26 and 423.27 and chapter 423C.

Sec. 130. NEW SECTION. 423.37 FAILURE TO FILE SALES OR USE TAX RETURNS -- INCORRECT RETURNS.

1. As soon as practicable after a return is filed and in any event within three years after the return is filed, the department shall examine it, assess and determine the tax due if the return is found to be incorrect, and give notice to the person liable for the tax of the assessment and determination as provided in subsection 2. The period for the examination and determination of the correct amount of tax is unlimited in

the case of a false or fraudulent return made with the intent to evade tax or in the case of a failure to file a return.

2. If a return required by this subchapter is not filed, or if a return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return within twenty days after the same is required by notice from the department, the department shall determine the amount of tax due from information as the department may be able to obtain and, if necessary, may estimate the tax on the basis of external indices, such as number of employees of the person concerned, rentals paid by the person, stock on hand, or other factors. The department shall give notice of the determination to the person liable for the tax. The determination shall fix the tax unless the person against whom it is assessed shall, within sixty days after the giving of notice of the determination, apply to the director for a hearing or unless the taxpayer contests the determination by paying the tax, interest, and penalty and timely filing a claim for refund. At the hearing evidence may be offered to support the determination or to prove that it is incorrect. After the hearing the director shall give notice of the decision to the person liable for the tax.

3. The three-year period of limitation provided in subsection 1 may be extended by a taxpayer by signing a waiver agreement form to be provided by the department. The agreement shall stipulate the period of extension and the tax period to which the extension applies. The agreement shall also provide that a claim for refund may be filed by the taxpayer at any time during the period of extension.

Sec. 131. NEW SECTION. 423.38 JUDICIAL REVIEW.

1. Judicial review of actions of the director may be sought in accordance with the terms of the Iowa administrative procedure Act.

2. For cause and upon a showing by the director that collection of the tax in dispute is in doubt, the court may order the petitioner to file with the clerk a bond for the use of the respondent, with sureties approved by the clerk, in the

amount of tax appealed from, conditioned that the petitioner shall perform the orders of the court.

3. An appeal may be taken by the taxpayer or the director to the supreme court of this state irrespective of the amount involved.

Sec. 132. NEW SECTION. 423.39 SERVICE OF NOTICES.

1. A notice authorized or required under this subchapter may be given by mailing the notice to the person for whom it is intended, addressed to that person at the address given in the last return filed by the person pursuant to this subchapter, or if no return has been filed, then to any address obtainable. The mailing of the notice is presumptive evidence of the receipt of the notice by the person to whom addressed. Any period of time which is determined according to this subchapter by the giving of notice commences to run from the date of mailing of the notice.

2. The provisions of the Code relative to the limitation of time for the enforcement of a civil remedy shall not apply to any proceeding or action taken to levy, appraise, assess, determine, or enforce the collection of any tax or penalty provided by this chapter.

Sec. 133. NEW SECTION. 423.40 PENALTIES -- OFFENSES -- LIMITATION.

1. In addition to the sales or use tax or additional sales or use tax, the taxpayer shall pay a penalty as provided in section 421.27. The taxpayer shall also pay interest on the sales or use tax or additional sales or use tax at the rate in effect under section 421.7 for each month counting each fraction of a month as an entire month, computed from the date the semimonthly or monthly tax deposit form or return was required to be filed. The penalty and interest shall be paid to the department and disposed of in the same manner as other receipts under this subchapter. Unpaid penalties and interest may be enforced in the same manner as the taxes imposed by this chapter.

2. a. Any person who knowingly sells tangible personal property, tickets or admissions to places of amusement and



athletic events, or gas, water, electricity, or communication service at retail, or engages in the furnishing of services enumerated in section 423.2, in this state without procuring a permit to collect tax, as provided in section 423.36, or who violates section 423.24 and the officers of any corporation who so act are guilty of a serious misdemeanor.

b. A person who knowingly sells tangible personal property, tickets or admissions to places of amusement and athletic events, or gas, water, electricity, or communication service at retail, or engages in the furnishing of services enumerated in section 423.2, in this state after the person's sales tax permit has been revoked and before it has been restored as provided in section 423.36, subsection 5, and the officers of any corporation who so act are guilty of an aggravated misdemeanor.

3. A person who willfully attempts in any manner to evade any tax imposed by this chapter or the payment of the tax or a person who makes or causes to be made a false or fraudulent semimonthly or monthly tax deposit form or return with intent to evade any tax imposed by subchapter II or III or the payment of the tax is guilty of a class "D" felony.

4. The certificate of the director to the effect that a tax has not been paid, that a return has not been filed, or that information has not been supplied pursuant to the provisions of this subchapter shall be prima facie evidence thereof.

5. A person required to pay sales or use tax, or to make, sign, or file a tax deposit form or return or supplemental return, who willfully makes a false or fraudulent tax deposit form or return, or willfully fails to pay at least ninety percent of the tax or willfully fails to make, sign, or file the tax deposit form or return, at the time required by law, is guilty of a fraudulent practice.

6. A prosecution for an offense specified in this section shall be commenced within six years after its commission.

Sec. 134. NEW SECTION. 423.41 BOOKS -- EXAMINATION.

Every retailer required or authorized to collect taxes imposed by this chapter and every person using in this state tangible personal property, services, or the product of services shall keep records, receipts, invoices, and other pertinent papers as the director shall require, in the form that the director shall require, for as long as the director has the authority to examine and determine tax due. The director or any duly authorized agent of the department may examine the books, papers, records, and equipment of any person either selling tangible personal property or services or liable for the tax imposed by this chapter, and investigate the character of the business of any person in order to verify the accuracy of any return made, or if a return was not made by the person, ascertain and determine the amount due under this chapter. These books, papers, and records shall be made available within this state for examination upon reasonable notice when the director deems it advisable and so orders. The preceding requirements shall likewise apply to users and persons furnishing services enumerated in section 423.2.

Sec. 135. NEW SECTION. 423.42 STATUTES APPLICABLE.

1. The director shall administer the taxes imposed by subchapters II and III in the same manner and subject to all the provisions of, and all of the powers, duties, authority, and restrictions contained in, section 422.25, subsection 4, section 422.30, and sections 422.67 through 422.75.

2. All the provisions of section 422.26 shall apply in respect to the taxes and penalties imposed by subchapters II and III and this subchapter, except that, as applied to any tax imposed by subchapters II and III, the lien provided in section 422.26 shall be prior and paramount over all subsequent liens upon any personal property within this state, or right to such personal property, belonging to the taxpayer without the necessity of recording as provided in section 422.26. The requirements for recording shall, as applied to the taxes imposed by subchapters II and III, apply only to the liens upon real property. When requested to do so by any person from whom a taxpayer is seeking credit, or with whom

the taxpayer is negotiating the sale of any personal property, or by any other person having a legitimate interest in such information, the director shall, upon being satisfied that such a situation exists, inform that person as to the amount of unpaid taxes due by such taxpayer under the provisions of subchapters II and III. The giving of this information under these circumstances shall not be deemed a violation of section 422.72 as applied to subchapters II and III.

Sec. 136. NEW SECTION. 423.43 DEPOSIT OF REVENUE -- APPROPRIATIONS.

Except as otherwise provided in section 312.2, subsection 14, all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.26 and 423.27 shall be deposited and credited to the road use tax fund and shall be used exclusively for the construction, maintenance, and supervision of public highways.

1. Notwithstanding any provision of this section which provides that all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.26 and 423.27 shall be deposited and credited to the road use tax fund, eighty percent of the revenues shall be deposited and credited as follows:

a. Twenty-five percent of all such revenue, up to a maximum of four million two hundred fifty thousand dollars per quarter, shall be deposited into and credited to the Iowa comprehensive petroleum underground storage tank fund created in section 455G.3, and the moneys so deposited are a continuing appropriation for expenditure under chapter 455G, and moneys so appropriated shall not be used for other purposes.

b. Any such revenues remaining shall be credited to the road use tax fund.

2. Notwithstanding any other provision of this section that provides that all revenue derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and

equipment as collected pursuant to section 423.26 shall be deposited and credited to the road use tax fund, twenty percent of the revenues shall be credited and deposited as follows: one-half to the road use tax fund and one-half to the primary road fund to be used for the commercial and industrial highway network.

3. All other revenue arising under the operation of this chapter shall be credited to the general fund of the state.

Sec. 137. NEW SECTION. 423.44 REIMBURSEMENT FOR PRIMARY ROAD FUND.

From moneys deposited into the road use tax fund, the department may credit to the primary road fund any amount of revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.26 and 423.27 to the extent necessary to reimburse that fund for the expenditures not otherwise eligible to be made from the primary road fund, which are made for repairing, improving, and maintaining bridges over the rivers bordering the state. Expenditures for those portions of bridges within adjacent states may be included when they are made pursuant to an agreement entered into under section 313.63, 313A.34, or 314.10.

Sec. 138. NEW SECTION. 423.45 REFUNDS -- EXEMPTION CERTIFICATES.

1. If an amount of tax represented by a retailer to a consumer or user as constituting tax due is computed upon a sales price that is not taxable or the amount represented is in excess of the actual taxable amount and the amount represented is actually paid by the consumer or user to the retailer, the excess amount of tax paid shall be returned to the consumer or user upon notification to the retailer by the department that an excess payment exists.

2. If an amount of tax represented by a retailer to a consumer or user as constituting tax due is computed upon a sales price that is not taxable or the amount represented is in excess of the actual taxable amount and the amount represented is actually paid by the consumer or user to the

retailer, the excess amount of tax paid shall be returned to the consumer or user upon proper notification to the retailer by the consumer or user that an excess payment exists.

"Proper" notification is written notification which allows a retailer at least sixty days to respond and which contains enough information to allow a retailer to determine the validity of a consumer's or user's claim that an excess amount of tax has been paid. No cause of action shall accrue against a retailer for excess tax paid until sixty days after proper notice has been given the retailer by the consumer or user.

3. In the circumstances described in subsections 1 and 2, a retailer has the option to either return any excess amount of tax paid to a consumer or user, or to remit the amount which a consumer or user has paid to the retailer to the department.

4. a. The department shall issue or the seller may separately provide exemption certificates in the form prescribed by the director, including certificates not made of paper, which conform to the requirements of paragraph "c", to assist retailers in properly accounting for nontaxable sales of tangible personal property or services to purchasers for a nontaxable purpose. The department shall also allow the use of exemption certificates for those circumstances in which a sale is taxable but the seller is not obligated to collect tax from the buyer.

b. The sales tax liability for all sales of tangible personal property and all sales of services is upon the seller and the purchaser unless the seller takes in good faith from the purchaser a valid exemption certificate stating under penalty of perjury that the purchase is for a nontaxable purpose and is not a retail sale as defined in section 423.1, or the seller is not obligated to collect tax due, or unless the seller takes a fuel exemption certificate pursuant to subsection 5. If the tangible personal property or services are purchased tax free pursuant to a valid exemption certificate which is taken in good faith by the seller, and the tangible personal property or services are used or

disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes and shall remit the taxes directly to the department and sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply to the purchaser.

c. A valid exemption certificate is an exemption certificate which is complete and correct according to the requirements of the director.

d. A valid exemption certificate is taken in good faith by the seller when the seller has exercised that caution and diligence which honest persons of ordinary prudence would exercise in handling their own business affairs, and includes an honesty of intention and freedom from knowledge of circumstances which ought to put one upon inquiry as to the facts. In order for a seller to take a valid exemption certificate in good faith, the seller must exercise reasonable prudence to determine the facts supporting the valid exemption certificate, and if any facts upon such certificate would lead a reasonable person to further inquiry, such inquiry must be made with an honest intent to discover the facts.

e. If the circumstances change and as a result the tangible personal property or services are used or disposed of by the purchaser in a nonexempt manner or the purchaser becomes obligated to pay the tax, the purchaser is liable solely for the taxes and shall remit the taxes directly to the department in accordance with this subsection.

5. a. The department shall issue or the seller may separately provide fuel exemption certificates in the form prescribed by the director.

b. For purposes of this subsection:

(1) "Fuel" includes gas, electricity, water, heat, steam, and any other tangible personal property consumed in creating heat, power, or steam.

(2) "Fuel consumed in processing" means fuel used or consumed for processing including grain drying, for providing heat or cooling for livestock buildings or for greenhouses or buildings or parts of buildings dedicated to the production of

flowering, ornamental, or vegetable plants intended for sale in the ordinary course of business, for use in aquaculture production, or for generating electric current, or in implements of husbandry engaged in agricultural production.

(3) "Fuel exemption certificate" means an exemption certificate given by the purchaser under penalty of perjury to assist retailers in properly accounting for nontaxable sales of fuel consumed in processing.

(4) "Substantial change" means a change in the use or disposition of tangible personal property and services by the purchaser such that the purchaser pays less than ninety percent of the purchaser's actual sales tax liability. A change includes a misstatement of facts in an application made pursuant to paragraph "d" or in a fuel exemption certificate.

c. The seller may accept a completed fuel exemption certificate, as prepared by the purchaser, for three years unless the purchaser files a new completed exemption certificate. If the fuel is purchased tax free pursuant to a fuel exemption certificate which is taken by the seller, and the fuel is used or disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes, and shall remit the taxes directly to the department and sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply to the purchaser.

d. The purchaser may apply to the department for its review of the fuel exemption certificate. In this event, the department shall review the fuel exemption certificate within twelve months from the date of application and determine the correct amount of the exemption. If the amount determined by the department is different than the amount that the purchaser claims is exempt, the department shall promptly notify the purchaser of the determination. Failure of the department to make a determination within twelve months from the date of application shall constitute a determination that the fuel exemption certificate is correct as submitted. A determination of exemption by the department is final unless the purchaser appeals to the director for a revision of the

determination within sixty days after the date of the notice of determination. The director shall grant a hearing, and upon the hearing, the director shall determine the correct exemption and notify the purchaser of the decision by mail. The decision of the director is final unless the purchaser seeks judicial review of the director's decision under section 423.38 within sixty days after the date of the notice of the director's decision. Unless there is a substantial change, the department shall not impose penalties pursuant to section 423.40 both retroactively to purchases made after the date of application and prospectively until the department gives notice to the purchaser that a tax or additional tax is due, for failure to remit any tax due which is in excess of a determination made under this section. A determination made by the department pursuant to this subsection does not constitute an audit for purposes of section 423.37.

e. If the circumstances change and the fuel is used or disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes and shall remit the taxes directly to the department in accordance with paragraph "c".

f. The purchaser shall attach documentation to the fuel exemption certificate which is reasonably necessary to support the exemption for fuel consumed in processing. If the purchaser files a new exemption certificate with the seller, documentation shall not be required if the purchaser previously furnished the seller with this documentation and substantial change has not occurred since that documentation was furnished or if fuel consumed in processing is separately metered and billed by the seller.

6. Nothing in this section authorizes any cause of action by any person to recover sales or use taxes directly from the state or extends any person's time to seek a refund of sales or use taxes which have been collected and remitted to the state.

Sec. 139. NEW SECTION. 423.46 RATE AND BASE CHANGES.



The department shall make a reasonable effort to provide sellers with as much advance notice as practicable of a rate change and to notify sellers of legislative changes in the tax base and amendments to sales and use tax rules. Failure of a seller to receive notice or failure of this state to provide notice or limit the effective date of a rate change shall not relieve the seller of its obligation to collect sales or use taxes for this state.

Sec. 140. NEW SECTION. 423.47 REFUNDS AND CREDITS.

If it shall appear that, as a result of mistake, an amount of tax, penalty, or interest has been paid which was not due under the provisions of this chapter, such amount shall be credited against any tax due, or to become due, on the books of the department from the person who made the erroneous payment, or such amount shall be refunded to such person by the department. A claim for refund or credit that has not been filed with the department within three years after the tax payment for which a refund or credit is claimed became due, or one year after such tax payment was made, whichever time is the later, shall not be allowed by the director.

SUBCHAPTER VI

SALES AND USE TAX ACT -- ADMINISTRATION OF  
RETAILERS REGISTERED VOLUNTARILY UNDER THE  
AGREEMENT

Sec. 141. NEW SECTION. 423.48 RESPONSIBILITIES AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

1. By registering under the agreement, the seller agrees to collect and remit sales and use taxes for all its taxable Iowa sales. Iowa's withdrawal from the agreement or revocation of its membership in the agreement shall not relieve a seller from its responsibility to remit taxes previously collected on behalf of this state.

2. The following provisions apply to any seller who registers under the agreement:

a. The seller may register on-line.

b. Registration under the agreement and the collection of Iowa sales and use taxes shall not be used as factors in

determining whether the seller has nexus with Iowa for any tax.

c. If registered under the agreement with any other member state, the seller is considered to be registered in Iowa.

d. The seller is not required to pay registration fees or other charges.

e. A written signature from the seller is not required.

f. The seller may register by way of an agent. The agent's appointment shall be in writing and submitted to the department if requested by the department.

g. The seller may cancel its registration at any time under procedures adopted by the governing board established pursuant to the agreement. Cancellation does not relieve the seller of its liability for remitting any Iowa taxes collected.

3. The following additional responsibilities and rights apply to model sellers:

a. A model 1 seller's obligation to calculate, collect, and remit sales and use taxes shall be performed by its certified service provider, except for the seller's obligation to remit tax on its own purchases. As the seller's agent, the certified service provider is liable for its model 1 seller's sales and use tax due Iowa on all sales transactions it processes for the seller except as set out in this section. A seller that contracts with a certified service provider is not liable to the state for sales or use tax due on transactions processed by the certified service provider unless the seller misrepresents the types of items or services it sells or commits fraud. In the absence of probable cause to believe that the seller has committed fraud or made a material misrepresentation, the seller is not subject to audit on the transactions processed by the certified service provider. A model 1 seller is subject to audit for transactions not processed by the certified service provider. The director is authorized to perform a system check of the model 1 seller and review the seller's procedures to determine if the certified service provider's system is functioning properly and the

extent to which the seller's transactions are being processed by the certified service provider.

b. A model 2 seller shall calculate the amount of tax due on a transaction by the use of a certified automated system, but shall collect and remit tax on its own sales. A person that provides a certified automated system is responsible for the proper functioning of that system and is liable to this state for underpayments of tax attributable to errors in the functioning of the certified automated system. A seller that uses a certified automated system remains responsible and is liable to the state for reporting and remitting tax.

c. A model 3 seller shall use its own proprietary automated system to calculate tax due and collect and remit tax on its own sales. A model 3 seller is liable for the failure of its proprietary automated system to meet the applicable performance standard.

Sec. 142. NEW SECTION. 423.49 RETURNS.

1. All model 1, 2, or 3 sellers are subject to all of the following return requirements:

a. The seller is required to file only one return per month for this state and for all taxing jurisdictions within this state.

b. The date for filing returns shall be determined under rules adopted by the director. However, in no case shall the return be due earlier than the twentieth day of the following month.

c. The director shall request additional information returns. These returns shall not be required more frequently than every six months.

2. Any registered seller which does not have a legal obligation to register in this state and is not a model 1, 2, or 3 seller is subject to all of the following return requirements:

a. The seller is required to file a return within one year of the month of initial registration and shall file a return on an annual basis in succeeding years.

b. In addition to the return required in paragraph "a", if the seller accumulates more than one thousand dollars in total state and local tax, the seller is required to file a return in the following month.

c. The format of the return and the due date of the initial return and the annual return shall be determined under rules adopted by the department.

Sec. 143. NEW SECTION. 423.50 REMITTANCE OF FUNDS.

1. Only one remittance of tax per return is required except as provided in this subsection. Sellers that collect more than thirty thousand dollars in sales and use taxes for this state during the preceding calendar year shall be required to make additional remittances as required under rules adopted by the director. The filing of a return is not required with an additional remittance.

2. All remittances shall be remitted electronically.

3. Electronic payments may be made either by automated clearinghouse credit or automated clearinghouse debit. Any data accompanying a remittance must be formatted using uniform tax type and payment codes approved by the governing board established pursuant to the agreement. An alternative method for making same-day payments shall be determined under rules adopted by the director.

4. If a due date falls on a legal banking holiday in this state, the taxes are due on the succeeding business day.

Sec. 144. NEW SECTION. 423.51 ADMINISTRATION OF EXEMPTIONS.

1. The following provisions shall apply when a purchaser claims an exemption:

a. The seller shall obtain identifying information of the purchaser and the reason for claiming a tax exemption at the time of the purchase as determined by the member states acting jointly.

b. A purchaser is not required to provide a signature to claim an exemption from tax unless a paper certificate is used.

c. The seller shall use the standard form for claiming an exemption electronically as adopted jointly by the member states.

d. The seller shall obtain the same information for proof of a claimed exemption regardless of the medium in which the transaction occurred.

e. The department may authorize a system wherein the purchaser exempt from the payment of the tax is issued an identification number which shall be presented to the seller at the time of the sale.

f. The seller shall maintain proper records of exempt transactions and provide them to the department when requested.

g. The department shall administer entity-based and use-based exemptions when practicable through a direct pay tax permit, an exemption certificate, or another means that does not burden sellers. For the purposes of this paragraph:

(1) An "entity-based exemption" is an exemption based on who purchases the product or who sells the product.

(2) A "use-based exemption" is an exemption based on the purchaser's use of the product.

2. Sellers that follow the requirements of this section are relieved from any tax otherwise applicable if it is determined that the purchaser improperly claimed an exemption and that the purchaser is liable for the nonpayment of tax. This relief from liability does not apply to a seller who fraudulently fails to collect the tax or solicits purchasers to participate in the unlawful claim of an exemption.

Sec. 145. NEW SECTION. 423.52 RELIEF FROM LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

Sellers and certified service providers are relieved from liability to this state or its local taxing jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on erroneous data provided by this state on tax rates, boundaries, or taxing jurisdiction assignments. If this state provides an address-based system for assigning

taxing jurisdictions whether or not pursuant to the federal Mobile Telecommunications Sourcing Act, the director is not required to provide liability relief for errors resulting from reliance on the information provided by this state.

Sec. 146. NEW SECTION. 423.53 BAD DEBTS AND MODEL 1 SELLERS.

A certified service provider may claim, on behalf of a model 1 seller, any bad debt deduction as provided in section 423.21. The certified service provider must credit or refund the full amount of any bad debt deduction or refund received to the seller.

Sec. 147. NEW SECTION. 423.54 AMNESTY FOR REGISTERED SELLERS.

1. Subject to the limitations in subsections 2 through 6, the following provisions apply:

a. Amnesty is provided for uncollected or unpaid sales or use tax to a seller who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in this state in accordance with the terms of the agreement, provided the seller was not so registered in this state in the twelve-month period preceding the commencement of Iowa's participation in the agreement.

b. Amnesty precludes assessment of the seller for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the seller was not registered in this state, provided registration occurs within twelve months of the commencement of Iowa's participation in the agreement.

c. Amnesty shall be provided to any seller lawfully registered under the agreement by any other member state prior to the date of the commencement of Iowa's participation in the agreement.

2. Amnesty is not available to a seller with respect to any matter or matters for which the seller received notice of the commencement of an audit and which audit is not yet finally resolved, including any related administrative and judicial processes.

3. Amnesty is not available for sales or use taxes already paid or remitted or to taxes collected by the seller.

4. Amnesty is fully effective absent the seller's fraud or intentional misrepresentation of a material fact as long as the seller continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least thirty-six months. The statute of limitations applicable to asserting a tax liability is tolled during this thirty-six month period.

5. Amnesty is applicable only to sales or use taxes due from a seller in its capacity as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

6. The director may allow amnesty on terms and conditions more favorable to a seller than the terms required by this section.

Sec. 148. NEW SECTION. 423.55 DATABASES.

The department shall provide and maintain databases required by the agreement for the benefit of sellers registered under the agreement.

Sec. 149. NEW SECTION. 423.56 CONFIDENTIALITY AND PRIVACY PROTECTIONS UNDER MODEL 1.

1. As used in this section:

a. "Anonymous data" means information that does not identify a person.

b. "Confidential taxpayer information" means all information that is protected under this state's laws, rules, and privileges.

c. "Personally identifiable information" means information that identifies a person.

2. With very limited exceptions, a certified service provider shall perform its tax calculation, remittance, and reporting functions without retaining the personally identifiable information of consumers.

3. A certified service provider may perform its services in this state only if the certified service provider certifies that:

a. Its system has been designed and tested to ensure that the fundamental precept of anonymity is respected.

b. Personally identifiable information is only used and retained to the extent necessary for the administration of model 1 sellers with respect to exempt purchasers.

c. It provides consumers clear and conspicuous notice of its information practices, including what information it collects, how it collects the information, how it uses the information, how long, if at all, it retains the information, and whether it discloses the information to member states. This notice shall be satisfied by a written privacy policy statement accessible by the public on the official web site of the certified service provider.

d. Its collection, use, and retention of personally identifiable information is limited to that required by the member states to ensure the validity of exemptions from taxation that are claimed by reason of a consumer's status or the intended use of the goods or services purchased.

e. It provides adequate technical, physical, and administrative safeguards so as to protect personally identifiable information from unauthorized access and disclosure.

4. The department shall provide public notification of its practices relating to the collection, use, and retention of personally identifiable information.

5. When any personally identifiable information that has been collected and retained by the department or certified service provider is no longer required for the purposes set forth in subsection 3, paragraph "d", that information shall no longer be retained by the department or certified service provider.

6. When personally identifiable information regarding an individual is retained by or on behalf of this state, this state shall provide reasonable access by such individual to his or her own information in the state's possession and a right to correct any inaccurately recorded information.



7. This privacy policy is subject to enforcement by the department and the attorney general.

8. This state's laws and rules regarding the collection, use, and maintenance of confidential taxpayer information remain fully applicable and binding. Without limitation, the agreement does not enlarge or limit the state's or department's authority to:

a. Conduct audits or other review as provided under the agreement and state law.

b. Provide records pursuant to its examination of public records law, disclosure laws of individual governmental agencies, or other regulations.

c. Prevent, consistent with state law, disclosures of confidential taxpayer information.

d. Prevent, consistent with federal law, disclosures or misuse of federal return information obtained under a disclosure agreement with the internal revenue service.

e. Collect, disclose, disseminate, or otherwise use anonymous data for governmental purposes.

9. This privacy policy does not preclude the certification of a certified service provider whose privacy policy is more protective of confidential taxpayer information or personally identifiable information than is required by the agreement.

Sec. 150. NEW SECTION. 423.57 STATUTES APPLICABLE.

The director shall administer this subchapter as it relates to the taxes imposed in this chapter in the same manner and subject to all the provisions of, and all of the powers, duties, authority, and restrictions contained in sections 423.14, 423.15, 423.16, 423.17, 423.18, 423.19, 423.20, 423.21, 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31, 423.32, 423.33, 423.34, 423.35, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection 3, and sections 423.45, 423.46, and 423.47.

Sec. 151.

1. Sections 422.42 through 422.59, Code 2003, are repealed.

2. Chapter 423, Code 2003, is repealed.

COORDINATING AMENDMENTS

Sec. 152. Section 15.331A, Code 2003, is amended to read as follows:

15.331A SALES, SERVICES, AND USE TAX REFUND -- CONTRACTOR OR SUBCONTRACTOR.

The eligible business or a supporting business shall be entitled to a refund of the sales and use taxes paid under ~~chapters 422 and~~ chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility within the economic development area of the eligible business or a supporting business. Taxes attributable to intangible property and furniture and furnishings shall not be refunded.

To receive the refund a claim shall be filed by the eligible business or a supporting business with the department of revenue and finance as follows:

1. The contractor or subcontractor shall state under oath, on forms provided by the department, the amount of the sales of goods, wares, or merchandise or services rendered, furnished, or performed including water, sewer, gas, and electric utility services for use in the economic development area upon which sales or use tax has been paid prior to the project completion, and shall file the forms with the eligible business or supporting business before final settlement is made.

2. The eligible business or a supporting business shall, not more than one year after project completion, make application to the department for any refund of the amount of the sales and use taxes paid pursuant to ~~chapter 422 or~~ 423 upon any goods, wares, or merchandise, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services. The application shall be made in the manner and upon forms to be provided by the department, and the department shall audit the claim and, if approved,

issue a warrant to the eligible business or supporting business in the amount of the sales or use tax which has been paid to the state of Iowa under a contract. A claim filed by the eligible business or a supporting business in accordance with this section shall not be denied by reason of a limitation provision set forth in chapter ~~421~~-~~422~~, or 423.

3. A contractor or subcontractor who willfully makes a false report of tax paid under the provisions of this section is guilty of a simple misdemeanor and in addition is liable for the payment of the tax and any applicable penalty and interest.

Sec. 153. Section 15.334A, Code 2003, is amended to read as follows:

15.334A SALES AND USE TAX EXEMPTION.

An eligible business may claim an exemption from sales and use taxation under section ~~422-45~~ 423.3, subsection ~~27~~ 46, for property which is exempt from taxation under section 15.334, notwithstanding the requirements of section ~~422-45~~ 423.3, subsection ~~27~~ 46, or any other provision of the Code to the contrary.

Sec. 154. Section 15A.9, subsections 5, 6, and 7, Code 2003, are amended to read as follows:

5. PROPERTY TAX EXEMPTION.

a. All property, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", Code 1993, used by the primary business or a supporting business and located within the zone, shall be exempt from property taxation for a period of twenty years beginning with the year it is first assessed for taxation. In order to be eligible for this exemption, the property shall be acquired or leased by the primary business or a supporting business or relocated by the primary business or a supporting business to the zone from outside the state prior to project completion.

b. Property which is exempt for property tax purposes under this subsection is eligible for the sales and use tax exemption under section ~~422-45~~ 423.3, subsection ~~27~~ 46, notwithstanding that subsection or any other provision of the Code to the contrary.

6. SALES, SERVICES, AND USE TAX REFUND. Taxes paid pursuant to chapter 422-~~or~~ 423 on the gross-receipts sales price or rental price of property purchased or rented by the primary business or a supporting business for use by the primary business or a supporting business within the zone or on gas, electricity, water, and sewer utility services prior to project completion shall be refunded to the primary business or supporting business if the item was purchased or the service was performed or received prior to project completion. Claims under this section shall be submitted on forms provided by the department of revenue and finance not later than six months after project completion. The refund in this subsection shall not apply to furniture or furnishings, or intangible property.

7. SALES, SERVICES, AND USE TAX REFUND -- CONTRACTOR OR SUBCONTRACTOR. The primary business or a supporting business shall be entitled to a refund of the sales and use taxes paid under ~~chapters-422-and~~ chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility within the zone of the primary business or a supporting business. Taxes attributable to intangible property and furniture and furnishings shall not be refunded.

To receive the refund a claim shall be filed by the primary business or a supporting business with the department of revenue and finance as follows:

a. The contractor or subcontractor shall state under oath, on forms provided by the department, the amount of the sales of goods, wares, or merchandise or services rendered, furnished, or performed including water, sewer, gas, and electric utility services for use in the zone upon which sales or use tax has been paid prior to the project completion, and shall file the forms with the primary business or supporting business before final settlement is made.

b. The primary business or a supporting business shall, not more than six months after project completion, make application to the department for any refund of the amount of the sales and use taxes paid pursuant to chapter 422-or 423 upon any goods, wares, or merchandise, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services. The application shall be made in the manner and upon forms to be provided by the department, and the department shall audit the claim and, if approved, issue a warrant to the primary business or supporting business in the amount of the sales or use tax which has been paid to the state of Iowa under a contract. A claim filed by the primary business or a supporting business in accordance with this subsection shall not be denied by reason of a limitation provision set forth in chapter 421, 422, or 423.

c. A contractor or subcontractor who willfully makes a false report of tax paid under the provisions of this subsection is guilty of a simple misdemeanor and in addition is liable for the payment of the tax and any applicable penalty and interest.

Sec. 155. Section 28A.17, unnumbered paragraph 1, Code 2003, is amended to read as follows:

If an authority is established as provided in section 28A.6 and after approval of a referendum by a simple majority of votes cast in each metropolitan area in favor of the sales and services tax, the governing board of a county in this state within a metropolitan area which is part of the authority shall impose, at the request of the authority, a local sales and services tax at the rate of one-fourth of one percent on gross-receipts the sales price taxed by this state under ~~chapter-422, division-IV~~ section 423.2, within the metropolitan area located in this state. The referendum shall be called by resolution of the board and shall be held as provided in section 28A.6 to the extent applicable. The ballot proposition shall contain a statement as to the specific purpose or purposes for which the revenues shall be expended and the date of expiration of the tax. The local

sales and services tax shall be imposed on the same basis, with the same exceptions, and following the same administrative procedures as provided for a county under sections 422B.8 and 422B.9. The amount of the sale, for the purposes of determining the amount of the local sales and services tax under this section, does not include the amount of any local sales and services tax imposed under sections 422B.8 and 422B.9.

Sec. 156. Section 29C.15, Code 2003, is amended to read as follows:

29C.15 TAX-EXEMPT PURCHASES.

All purchases under the provisions of this chapter shall be exempt from the taxes imposed by sections ~~422-43~~ 423.2 and ~~423-2~~ 423.5.

Sec. 157. Section 99E.10, subsection 1, paragraph b, Code 2003, is amended to read as follows:

b. An amount equal to the product of the state sales tax rate under section ~~422-43~~ 423.2 multiplied by the gross sales price of each ticket or share sold shall be deducted as the sales tax on the sale of that ticket or share, remitted to the treasurer of state and deposited into the state general fund.

Sec. 158. Section 123.187, subsection 2, Code 2003, is amended to read as follows:

2. A winery licensed or permitted pursuant to laws regulating alcoholic beverages in a state which affords this state an equal reciprocal shipping privilege may ship into this state by private common carrier, to a person twenty-one years of age or older, not more than eighteen liters of wine per month, for consumption or use by the person. Such wine shall not be resold. Shipment of wine pursuant to this subsection is not subject to sales tax under section ~~422-43~~ 423.2, use tax under section ~~423-2~~ 423.5, or the wine gallonage tax under section 123.183, and does not require a refund value for beverage container control purposes under chapter 455C.

Sec. 159. Section 262.54, Code 2003, is amended to read as follows:

262.54 COMPUTER SALES.

Sales, by an institution under the control of the board of regents, of computer equipment, computer software, and computer supplies to students and faculty at the institution are retail sales under chapter ~~422~~-~~division-IV~~ 423.

Sec. 160. Section 303.9, subsection 2, Code 2003, is amended to read as follows:

2. The department may sell mementos and other items relating to Iowa history and historic sites on the premises of property under control of the department and at the state capitol. Notwithstanding sections 18.12 and 18.16, the department may directly and independently enter into rental and lease agreements with private vendors for the purpose of selling mementos. All fees and income produced by the sales and rental or lease agreements shall be credited to the account of the department. The mementos and other items sold by the department or vendors under this subsection are exempt from section 18.6. ~~The department is not a retailer under chapter 422 and the sale of such mementos and other items by the department is not a retail sale under chapter 422 and is exempt from the sales tax.~~

Sec. 161. Section 312.1, subsection 4, Code 2003, is amended to read as follows:

4. To the extent provided in section ~~423-24~~ 423.43, subsection 1, paragraph "b", from revenue derived from the use tax, under chapter 423 on motor vehicles, trailers, and motor vehicle accessories and equipment.

Sec. 162. Section 312.2, subsections 14 and 16, Code 2003, are amended to read as follows:

14. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the general fund of the state from revenue credited to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", an amount equal to one-twentieth of eighty percent of the revenue from the operation of section ~~423-7~~ 423.26.

There is appropriated from the general fund of the state for each fiscal year to the state department of transportation

the amount of revenues credited to the general fund of the state during the fiscal year under this subsection to be used for purposes of public transit assistance under chapter 324A.

16. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the motorcycle rider education fund established in section 321.180B, an amount equal to one dollar per year of license validity for each issued or renewed driver's license which is valid for the operation of a motorcycle. Moneys credited to the motorcycle rider education fund under this subsection shall be taken from moneys credited to the road use tax fund under section ~~423.24~~ 423.43.

Sec. 163. Section 321.20, subsection 5, Code 2003, is amended to read as follows:

5. The amount of tax to be paid under section ~~423.7~~ 423.26.

Sec. 164. Section 321.24, subsections 1 and 3, Code 2003, are amended to read as follows:

1. Upon receipt of the application for title and payment of the required fees for a motor vehicle, trailer, or semitrailer, the county treasurer or the department shall, when satisfied as to the application's genuineness and regularity, and, in the case of a mobile home or manufactured home, that taxes are not owing under chapter 435, issue a certificate of title and, except for a mobile home or manufactured home, a registration receipt, and shall file the application, the manufacturer's or importer's certificate, the certificate of title, or other evidence of ownership, as prescribed by the department. The registration receipt shall be delivered to the owner and shall contain upon its face the date issued, the name and address of the owner, the registration number assigned to the vehicle, the amount of the fee paid, the amount of tax paid pursuant to section ~~423.7~~ 423.26, the type of fuel used, and a description of the vehicle as determined by the department, and upon the reverse side a form for notice of transfer of the vehicle. The name and address of any lessee of the vehicle shall not be printed



on the registration receipt or certificate of title. Up to three owners may be listed on the registration receipt and certificate of title.

3. The certificate of title shall contain upon its face the identical information required upon the face of the registration receipt. In addition, the certificate of title shall contain a statement of the owner's title, the title number assigned to the owner or owners of the vehicle, the amount of tax paid pursuant to section ~~423-7~~ 423.26, the name and address of the previous owner, and a statement of all security interests and encumbrances as shown in the application, upon the vehicle described, including the nature of the security interest, date of notation, and name and address of the secured party.

Sec. 165. Section 321.34, subsection 7, paragraph c, Code 2003, is amended to read as follows:

c. The fees for a collegiate registration plate are as follows:

(1) A registration fee of twenty-five dollars.

(2) A special collegiate registration fee of twenty-five dollars.

These fees are in addition to the regular annual registration fee. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited by the treasurer of state to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43 and prior to the revenues being credited to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall credit monthly from those revenues respectively, to Iowa state university of science and technology, the university of northern Iowa, and the state university of Iowa, the amount of the special collegiate registration fees collected in the previous month for collegiate registration plates designed for the university. The moneys credited are appropriated to the respective universities to be used for scholarships for students attending the universities.

Sec. 166. Section 321.34, subsection 11, paragraph c, Code 2003, is amended to read as follows:

c. The special natural resources fee for letter number designated natural resources plates is thirty-five dollars. The fee for personalized natural resources plates is forty-five dollars which shall be paid in addition to the special natural resources fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall credit monthly from those revenues to the Iowa resources enhancement and protection fund created pursuant to section 455A.18, the amount of the special natural resources fees collected in the previous month for the natural resources plates.

Sec. 167. Section 321.34, subsection 11A, paragraph c, Code 2003, is amended to read as follows:

c. The special fee for letter number designated love our kids plates is thirty-five dollars. The fee for personalized love our kids plates is twenty-five dollars, which shall be paid in addition to the special love our kids fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall transfer monthly from those revenues to the Iowa department of public health the amount of the special fees collected in the previous month for the love our kids plates. Notwithstanding section 8.33, moneys transferred under this subsection shall not revert to the general fund of the state.

Sec. 168. Section 321.34, subsection 11B, paragraph c, Code 2003, is amended to read as follows:

c. The special fee for letter number designated motorcycle rider education plates is thirty-five dollars. The fee for personalized motorcycle rider education plates is twenty-five dollars, which shall be paid in addition to the special motorcycle rider education fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall transfer monthly from those revenues to the department for use in accordance with section 321.180B, subsection 6, the amount of the special fees collected in the previous month for the motorcycle rider education plates.

Sec. 169. Section 321.34, subsection 13, paragraph d, Code 2003, is amended to read as follows:

d. A state agency may submit a request to the department recommending a special registration plate. The alternate fee for letter number designated plates is thirty-five dollars with a ten dollar annual special renewal fee. The fee for personalized plates is twenty-five dollars which is in addition to the alternative fee of thirty-five dollars with an annual personalized plate renewal fee of five dollars which is in addition to the special renewal fee of ten dollars. The alternate fees are in addition to the regular annual registration fee. The alternate fees collected under this paragraph shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of the revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall credit monthly the amount of the alternate fees collected in the previous month to the state agency that recommended the special registration plate.

Sec. 170. Section 321.34, subsection 21, paragraph c, Code 2003, is amended to read as follows:

c. The special fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall credit monthly to the Iowa heritage fund created under section 303.9A the amount of the special fees collected in the previous month for the Iowa heritage plates.

Sec. 171. Section 321.34, subsection 22, paragraph b, Code 2003, is amended to read as follows:

b. The special school transportation fee for letter number designated education plates is thirty-five dollars. The fee for personalized education plates is twenty-five dollars, which shall be paid in addition to the special school transportation fee of thirty-five dollars. The annual special school transportation fee is ten dollars for letter number designated registration plates and is fifteen dollars for personalized registration plates which shall be paid in addition to the regular annual registration fee. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section ~~423-24~~ 423.43, and prior to the crediting of revenues to the road use tax fund under section ~~423-24~~ 423.43, subsection 1, paragraph "b", the treasurer of state shall transfer monthly from those revenues to the school budget review committee in accordance with section 257.31, subsection 17, the amount of the special school transportation fees collected in the previous month for the education plates.

Sec. 172. Section 321F.9, Code 2003, is amended to read as follows:

321F.9 OPTION TO PURCHASE -- DEALER'S LICENSE.

Any person engaged in business in this state shall not enter into any agreement for the use of a motor vehicle under the terms of which ~~such~~ that person grants to another an option to purchase ~~such~~ the motor vehicle without first having

obtained a motor vehicle dealer's license under the provisions of chapter 322, and all sales of motor vehicles under such options shall be subject to sales or use taxes imposed under the provisions of ~~chapters-422-and~~ chapter 423. Nothing contained in this section shall require such person to have a place of business as provided by section 322.6, subsection 8.

Sec. 173. Section 327I.26, Code 2003, is amended to read as follows:

327I.26 APPROPRIATION TO AUTHORITY.

Notwithstanding section ~~423-24~~ 423.43, and prior to the application of section ~~423-24~~ 423.43, subsection 1, paragraph "b", there shall be deposited into the general fund of the state and is appropriated to the authority from eighty percent of the revenues derived from the operation of section ~~423-7~~ 423.26, the amounts certified by the authority under section 327I.25. However, the total amount deposited into the general fund and appropriated to the Iowa railway finance authority under this section shall not exceed two million dollars annually. Moneys appropriated to the Iowa railway finance authority under this section are appropriated only for the payment of principal and interest on obligations or the payment of leases guaranteed by the authority as provided under section 327I.25.

Sec. 174. Section 328.26, unnumbered paragraph 2, Code 2003, is amended to read as follows:

When an aircraft is registered to a person for the first time the fee submitted to the department shall include the tax imposed by section ~~422-43~~ 423.2 or section ~~423-2~~ 423.5 or evidence of the exemption of the aircraft from the tax imposed under section ~~422-43~~ 423.2 or ~~423-2~~ 423.5.

Sec. 175. Section 331.557, subsection 3, Code 2003, is amended to read as follows:

3. Collect the use tax on vehicles subject to registration as provided in sections ~~423-67-423-77-and-423-7A~~ 423.14, 423.26, and 423.27.

Sec. 176. Section 357A.15, unnumbered paragraph 2, Code 2003, is amended to read as follows:

A rural water district organized under chapter 504A shall receive a refund of sales or use taxes upon submitting an application to the department of revenue and finance for such the refund of taxes imposed upon the gross-receipts sales price of all sales of building materials, supplies, or equipment sold to a contractor or used in the fulfillment of a written contract for the construction of facilities for such the rural water district to the same extent as a rural water district organized under this chapter may obtain a refund under section 422.45 423.4, subsection 7 1.

Sec. 177. Section 421.10, Code 2003, is amended to read as follows:

421.10 APPEAL PERIOD -- APPLICABILITY.

The appeal period for revision of assessment of tax, interest, and penalties set out under section 422.28, ~~422.54~~ 423.37, 437A.9, 437A.22, 452A.64, 453A.29, or 453A.46 applies to appeals to notices from the department denying changes in filing methods, denying refund claims, and denying portions of refund claims for the tax covered by that section, and notices of any department action directed to a specific taxpayer, other than licensing, which involves a calculation.

Sec. 178. Section 421.17, subsection 22B, Code 2003, is amended to read as follows:

22B. ~~Enter~~ To enter into agreements or compacts with remote sellers, retailers, or third-party providers for the voluntary collection of Iowa sales or use taxes attributable to sales into Iowa ~~and-to-enter~~. The director has the authority to enter into and perform all duties required of the office of director by multistate agreements or compacts that provide for the voluntary collection of sales and use taxes, including joint audits with other states or audits on behalf of other states. The agreements or compacts shall generally conform to the provisions of Iowa sales and use tax statutes. All fees for services, reimbursements, remuneration, incentives, and costs incurred by the department associated with these agreements or compacts may be paid or reimbursed from the additional revenue generated. An amount is

appropriated from amounts generated to pay or reimburse all costs associated with this subsection. Persons entering into an agreement or compact with the department pursuant to this subsection are subject to the requirements and penalties of the confidentiality laws of this state regarding tax information. Notwithstanding any other provisions of law, the contract, agreement, or compact shall provide for the registration, collection, report, and verification of amounts subject to this subsection.

Sec. 179. Section 421.17, subsection 29, paragraph j, Code 2003, is amended to read as follows:

j. The department's existing right to credit against tax due or to become due under section 422.73 or 423.47 is not to be impaired by a right granted to or a duty imposed upon the department or other state agency by this subsection. This subsection is not intended to impose upon the department any additional requirement of notice, hearing, or appeal concerning the right to credit against tax due under section 422.73 or 423.47.

Sec. 180. Section 421.17, subsection 34, paragraph i, Code 2003, is amended to read as follows:

i. The director may distribute to credit reporting entities and for publication the names, addresses, and amounts of indebtedness owed to or being collected by the state if the indebtedness is subject to the centralized debt collection procedure established in this subsection. The director shall adopt rules to administer this paragraph, and the rules shall provide guidelines by which the director shall determine which names, addresses, and amounts of indebtedness may be distributed for publication. The director may distribute information for publication pursuant to this paragraph, notwithstanding sections 422.20, 422.72, and ~~423.23~~ 423.42, or any other provision of state law to the contrary pertaining to confidentiality of information.

Sec. 181. Section 421.26, Code 2003, is amended to read as follows:

421.26 PERSONAL LIABILITY FOR TAX DUE.

If a licensee or other person under section 452A.65, a retailer or purchaser under chapter 422A or 422B, or section ~~422.52~~ 423.31 or 423.33, or a retailer or purchaser under section ~~423.13~~ 423.32 or a user under section ~~423.14~~ 423.34 fails to pay a tax under those sections when due, an officer of a corporation or association, notwithstanding sections 490A.601 and 490A.602, a member or manager of a limited liability company, or a partner of a partnership, having control or supervision of or the authority for remitting the tax payments and having a substantial legal or equitable interest in the ownership of the corporation, association, limited liability company, or partnership, who has intentionally failed to pay the tax is personally liable for the payment of the tax, interest, and penalty due and unpaid. However, this section shall not apply to taxes on accounts receivable. The dissolution of a corporation, association, limited liability company, or partnership shall not discharge a person's liability for failure to remit the tax due.

Sec. 182. Section 421.28, Code 2003, is amended to read as follows:

421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

The immediate successor to a licensee's or retailer's business or stock of goods under chapter 422A or 422B, or section ~~422.527-423.137-423.147~~ 423.33 or 452A.65, is not personally liable for the amount of delinquent tax, interest, or penalty due and unpaid if the immediate successor shows that the purchase of the business or stock of goods was made in good faith that no delinquent tax, interest, or penalty was due and unpaid. For purposes of this section the immediate successor shows good faith by evidence that the department had provided the immediate successor with a certified statement that no delinquent tax, interest, or penalty is unpaid, or that the immediate successor had taken in good faith a certified statement from the licensee, retailer, or seller that no delinquent tax, interest, or penalty is unpaid. When requested to do so by a person with whom the licensee or retailer is negotiating the sale of the business or stock of



goods, the director of revenue and finance shall, upon being satisfied that such a situation exists, inform that person as to the amount of unpaid delinquent tax, interest, or penalty due by the licensee or the retailer. The giving of the information under this circumstance is not a violation of section 422.20, 422.72, or 452A.63.

Sec. 183. Section 421B.11, unnumbered paragraph 3, Code 2003, is amended to read as follows:

Judicial review of the actions of the director may be sought in accordance with the terms of the Iowa administrative procedure Act, and section 422-55 423.38.

Sec. 184. Section 422.7, subsection 21, paragraph a, subparagraph (1), unnumbered paragraph 1, Code 2003, is amended to read as follows:

Net capital gain from the sale of real property used in a business, in which the taxpayer materially participated for ten years, as defined in section 469(h) of the Internal Revenue Code, and which has been held for a minimum of ten years, or from the sale of a business, as defined in section 422-42 423.1, in which the taxpayer was employed or in which the taxpayer materially participated for ten years, as defined in section 469(h) of the Internal Revenue Code, and which has been held for a minimum of ten years. The sale of a business means the sale of all or substantially all of the tangible personal property or service of the business.

Sec. 185. Section 422.73, subsection 1, Code 2003, is amended by striking the subsection.

Sec. 186. Section 422A.1, unnumbered paragraphs 1, 3, 7, and 8, Code 2003, are amended to read as follows:

A city or county may impose by ordinance of the city council or by resolution of the board of supervisors a hotel and motel tax, at a rate not to exceed seven percent, which shall be imposed in increments of one or more full percentage points upon the ~~gross-receipts~~ sales price from the renting of sleeping rooms, apartments, or sleeping quarters in a hotel, motel, inn, public lodging house, rooming house, manufactured or mobile home which is tangible personal property, or tourist

court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals; except the gross-receipts sales price from the renting of sleeping rooms in dormitories and in memorial unions at all universities and colleges located in the state of Iowa and the guests of a religious institution if the property is exempt under section 427.1, subsection 8, and the purpose of renting is to provide a place for a religious retreat or function and not a place for transient guests generally. The tax when imposed by a city shall apply only within the corporate boundaries of that city and when imposed by a county shall apply only outside incorporated areas within that county. "Renting" and "rent" include any kind of direct or indirect charge for such sleeping rooms, apartments, or sleeping quarters, or their use. However, the tax does not apply to the gross-receipts sales price from the renting of a sleeping room, apartment, or sleeping quarters while rented by the same person for a period of more than thirty-one consecutive days.

A local hotel and motel tax shall be imposed on January 1, April 1, July 1, or October 1, following the notification of the director of revenue and finance. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A local hotel and motel tax shall terminate only on March 31, June 30, September 30, or December 31. At least forty-five sixty days prior to the tax being effective or prior to a revision in the tax rate, or prior to the repeal of the tax, a city or county shall provide notice by mail of such action to the director of revenue and finance.

No tax permit other than the state sales tax permit required under section ~~422-53~~ 423.36 may be required by local authorities.

The tax levied shall be in addition to any state sales tax imposed under section ~~422-43~~ 423.2. Section 422.25, subsection 4, sections 422.30, ~~422-48-to-422-52,-422-54-to-422-58,~~ 422.67, and 422.68, section 422.69, subsection 1, and sections 422.70 to 422.75, section 423.14, subsection 1, and

sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and 423.47, consistent with the provisions of this chapter, apply with respect to the taxes authorized under this chapter, in the same manner and with the same effect as if the hotel and motel taxes were retail sales taxes within the meaning of those statutes. Notwithstanding this paragraph, the director shall provide for quarterly filing of returns ~~as prescribed in section 422-51~~ and for other than quarterly filing of returns both as prescribed in section ~~422-51, subsection 2~~ 423.31. The director may require all persons, as defined in section ~~422-42~~ 423.1, who are engaged in the business of deriving ~~gross receipts~~ any sales price subject to tax under this chapter, to register with the department.

Sec. 187. Section 422B.8, Code 2003, is amended to read as follows:

422B.8 LOCAL SALES AND SERVICES TAX.

A local sales and services tax at the rate of not more than one percent may be imposed by a county on the ~~gross receipts~~ sales price taxed by the state under chapter ~~422~~ 423, ~~division IV~~ subchapter II. A local sales and services tax shall be imposed on the same basis as the state sales and services tax or in the case of the use of natural gas, natural gas service, electricity, or electric service on the same basis as the state use tax and shall not be imposed on the sale of any property or on any service not taxed by the state, except the tax shall not be imposed on the ~~gross receipts~~ sales price from the sale of motor fuel or special fuel as defined in chapter 452A which is consumed for highway use or in watercraft or aircraft if the fuel tax is paid on the transaction and a refund has not or will not be allowed, on the ~~gross receipts~~ sales price from the rental of rooms, apartments, or sleeping quarters which are taxed under chapter 422A during the period the hotel and motel tax is imposed, on the ~~gross receipts~~ sales price from the sale of equipment by the state department of transportation, on the ~~gross receipts~~ sales price from the sale of self-propelled building

equipment, pile drivers, motorized scaffolding, or attachments customarily drawn or attached to self-propelled building equipment, pile drivers, and motorized scaffolding, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the equipment and replacement parts and are directly and primarily used by contractors, subcontractors, and builders for new construction, reconstruction, alterations, expansion, or remodeling of real property or structures, and on the gross-receipts sales price from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E and except the tax shall not be imposed on the gross-receipts sales price from the sale or use of natural gas, natural gas service, electricity, or electric service in a city or county where the gross-receipts sales price from the sale of natural gas or electric energy are subject to a franchise fee or user fee during the period the franchise or user fee is imposed. A local sales and services tax is applicable to transactions within those incorporated and unincorporated areas of the county where it is imposed and shall be collected by all persons required to collect state gross-receipts sales taxes. However, a person required to collect state retail sales tax under chapter ~~422~~ 423, division-IV subchapter V or VI, is not required to collect local sales and services tax on transactions delivered within the area where the local sales and services tax is imposed unless the person has physical presence in that taxing area. All cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

The amount of the sale, for purposes of determining the amount of the local sales and services tax, does not include the amount of any state gross-receipts-taxes sales tax.

A tax permit other than the state sales tax permit required under section ~~422-53-or-423-10~~ 423.36 shall not be required by local authorities.

If a local sales and services tax is imposed by a county pursuant to this chapter, a local excise tax at the same rate shall be imposed by the county on the purchase price of natural gas, natural gas service, electricity, or electric service subject to tax under chapter 423, subchapter III, and not exempted from tax by any provision of chapter 423, subchapter III. The local excise tax is applicable only to the use of natural gas, natural gas service, electricity, or electric service within those incorporated and unincorporated areas of the county where it is imposed and, except as otherwise provided in this chapter, shall be collected and administered in the same manner as the local sales and services tax. For purposes of this chapter, "local sales and services tax" shall also include the local excise tax.

Sec. 188. Section 422B.9, subsections 1 and 2, Code 2003, are amended to read as follows:

1. a. A local sales and services tax shall be imposed either January 1 or July 1 following the notification of the director of revenue and finance but not sooner than ninety days following the favorable election and not sooner than sixty days following notice to sellers, as defined in section 423.1. However, a jurisdiction which has voted to continue imposition of the tax may impose that tax without repeal of the prior tax.

b. A local sales and services tax shall be repealed only on June 30 or December 31 but not sooner than ninety days following the favorable election if one is held. However, a local sales and services tax shall not be repealed before the tax has been in effect for one year. At least forty days before the imposition or repeal of the tax, a county shall provide notice of the action by certified mail to the director of revenue and finance.

c. The imposition of or a rate change for a local sales and service tax shall not be applied to purchases from a printed catalog wherein a purchaser computes the local tax based on rates published in the catalog unless a minimum of one hundred twenty days' notice of the imposition or rate

change has been given to the seller from the catalog and the first day of a calendar quarter has occurred on or after the one hundred twentieth day.

e- d. If a local sales and services tax has been imposed prior to April 1, 2000, and at the time of the election a date for repeal was specified on the ballot, the local sales and services tax may be repealed on that date, notwithstanding paragraph "b".

2. a. The director of revenue and finance shall administer a local sales and services tax as nearly as possible in conjunction with the administration of state ~~gross receipts~~ sales tax laws. The director shall provide appropriate forms or provide on the regular state tax forms for reporting local sales and services tax liability.

b. The ordinance of a county board of supervisors imposing a local sales and services tax shall adopt by reference the applicable provisions of the appropriate sections of ~~chapter 422, division IV, and~~ chapter 423. All powers and requirements of the director to administer the state ~~gross receipts~~ sales tax law and use tax law are applicable to the administration of a local sales and services tax law and the local excise tax, including but not limited to, the provisions of section 422.25, subsection 4, sections 422.30, ~~422.48 to 422.52, 422.54 to 422.58,~~ 422.67, and 422.68, section 422.69, subsection 1, sections 422.70 to 422.75, 423.67-subsections-2 to-47-and-sections-423.11-to-423.187-and-423.21 section 423.14, subsection 1 and subsection 2, paragraphs "b" through "e", and sections 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46, and 423.47. Local officials shall confer with the director of revenue and finance for assistance in drafting the ordinance imposing a local sales and services tax. A certified copy of the ordinance shall be filed with the director as soon as possible after passage.

c. Frequency of deposits and quarterly reports of a local sales and services tax with the department of revenue and finance are governed by the tax provisions in section ~~422-52~~ 423.31. Local tax collections shall not be included in

computation of the total tax to determine frequency of filing under section ~~422-52~~ 423.31.

d. The director shall apply a boundary change of a county or city imposing or collecting the local sales and service tax to the imposition or collection of that tax only on the first day of a calendar quarter which occurs sixty days or more after the director has given notice of the boundary change to sellers.

Sec. 189. Section 422C.2, subsections 4 and 6, Code 2003, are amended to read as follows:

4. "Person" means person as defined in section ~~422-42~~ 423.1.

6. "Rental price" means the consideration for renting an automobile valued in money, and means the same as "~~gross taxable-services~~" "sales price" as defined in section ~~422-42~~ 423.1.

Sec. 190. Section 422C.3, Code 2003, is amended to read as follows:

422C.3 TAX ON RENTAL OF AUTOMOBILES.

1. A tax of five percent is imposed upon the rental price of an automobile if the rental transaction is subject to the sales and services tax under chapter ~~422~~ 423, ~~division-IV~~ subchapter II, or the use tax under chapter 423, subchapter III. The tax shall not be imposed on any rental transaction not taxable under the state sales and services tax, as provided in section ~~422-45~~ 423.3, or the state use tax, as provided in section ~~423-4~~ 423.6, on automobile rental receipts.

2. The lessor shall collect the tax by adding the tax to the rental price of the automobile.

3. The tax, when collected, shall be stated as a distinct item separate and apart from the rental price of the automobile and the sales and services tax imposed under chapter ~~422~~ 423, ~~division-IV~~ subchapter II, or the use tax imposed under chapter 423, subchapter III.

Sec. 191. Section 422C.4, Code 2003, is amended to read as follows:

422C.4 ADMINISTRATION AND ENFORCEMENT.

All powers and requirements of the director of revenue and finance to administer the state ~~gross-receipts~~ sales tax law under chapter ~~422~~~~-division-IV~~~~7~~ 423 are applicable to the administration of the tax imposed under section 422C.3, including but not limited to section 422.25, subsection 4, sections 422.30, ~~422-48-through-422-52~~~~7~~~~422-54-through-422-58~~~~7~~ 422.67, and 422.68, section 422.69, subsection 1, and sections 422.70 through 422.75, section 423.14, subsection 1, and sections 423.15, 423.23, 423.24, 423.25, 423.31, 423.33, 423.35 and 423.37 through 423.42, 423.45, 423.46, and 423.47. However, as an exception to the powers specified in section ~~422-52~~~~-subsection-1~~ 423.31, the director shall only require the filing of quarterly reports.

Sec. 192. Section 422E.1, subsection 1, is amended to read as follows:

1. A local sales and services tax for school infrastructure purposes may be imposed by a county on behalf of school districts as provided in this chapter.

If a local sales and services tax for school infrastructure is imposed by a county pursuant to this chapter, a local excise tax for school infrastructure at the same rate shall be imposed by the county on the purchase price of natural gas, natural gas service, electricity, or electric service subject to tax under chapter 423, subchapter III, and not exempted from tax by any provision of chapter 423, subchapter III. The local excise tax for school infrastructure is applicable only to the use of natural gas, natural gas service, electricity, or electric service within those incorporated and unincorporated areas of the county where it is imposed and, except as otherwise provided in this chapter, shall be collected and administered in the same manner as the local sales and services tax for school infrastructure. For purposes of this chapter, "local sales and services tax for school infrastructure" shall also include the local excise tax for school infrastructure.

Sec. 193. Section 422E.3, subsections 1, 2, and 3, Code 2003, are amended to read as follows:



1. If a majority of those voting on the question of imposition of a local sales and services tax for school infrastructure purposes favors imposition of the tax, the tax shall be imposed by the county board of supervisors within the county pursuant to section 422E.2, at the rate specified for a ten-year duration on the gross-receipts sales price taxed by the state under chapter 422 423, division-IV subchapter II.

2. The tax shall be imposed on the same basis as the state sales and services tax or in the case of the use of natural gas, natural gas service, electricity, or electric service on the same basis as the state use tax and shall not be imposed on the sale of any property or on any service not taxed by the state, except the tax shall not be imposed on the gross receipts sales price from the sale of motor fuel or special fuel as defined in chapter 452A which is consumed for highway use or in watercraft or aircraft if the fuel tax is paid on the transaction and a refund has not or will not be allowed, on the gross-receipts sales price from the rental of rooms, apartments, or sleeping quarters which are taxed under chapter 422A during the period the hotel and motel tax is imposed, on the gross-receipts sales price from the sale of equipment by the state department of transportation, on the gross-receipts sales price from the sale of self-propelled building equipment, pile drivers, motorized scaffolding, or attachments customarily drawn or attached to self-propelled building equipment, pile drivers, and motorized scaffolding, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the equipment, and replacement parts and are directly and primarily used by contractors, subcontractors, and builders for new construction, reconstruction, alterations, expansion, or remodeling of real property or structures, and on the gross-receipts sales price from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E and except the tax shall not be imposed on the gross-receipts sales price from the sale or use of natural gas, natural gas service, electricity, or electric service in a city or county where the gross-receipts

sales price from the sale of natural gas or electric energy are subject to a franchise fee or user fee during the period the franchise or user fee is imposed.

3. The tax is applicable to transactions within the county where it is imposed and shall be collected by all persons required to collect state gross-receipts sales or local excise taxes. However, a person required to collect state ~~retail~~ sales tax under chapter ~~422, division IV,~~ 423 is not required to collect local sales and services tax on transactions delivered within the area where the local sales and services tax is imposed unless the person has physical presence in that taxing area. The amount of the sale, for purposes of determining the amount of the tax, does not include the amount of any state gross-receipts sales taxes or excise taxes or other local option sales or excise taxes. A tax permit other than the state tax permit required under section ~~422-53 or~~ ~~423-10~~ 423.36 shall not be required by local authorities.

Sec. 194. Section 425.30, Code 2003, is amended to read as follows:

425.30 NOTICES.

Section ~~422-57~~ 423.39, subsection 1, shall apply to all notices under this division.

Sec. 195. Section 425.31, Code 2003, is amended to read as follows:

425.31 APPEALS.

Any person aggrieved by an act or decision of the director of revenue and finance or the department of revenue and finance under this division shall have the same rights of appeal and review as provided in sections 421.1 and ~~422-55~~ 423.38 and the rules of the department of revenue and finance.

Sec. 196. Section 452A.66, unnumbered paragraph 1, Code 2003, is amended to read as follows:

The appropriate state agency shall administer the taxes imposed by this chapter in the same manner as and subject to section 422.25, subsection 4 and section ~~422-52, subsection-3~~ 423.35.

Sec. 197. Section 455B.455, Code 2003, is amended to read as follows:

455B.455 SURCHARGE IMPOSED.

A land burial surcharge tax of two percent is imposed on the fee for land burial of a hazardous waste. The owner of the land burial facility shall remit the tax collected to the director of revenue and finance after consultation with the director according to rules that the director shall adopt. The director shall forward a copy of the site license to the director of revenue and finance which shall be the appropriate license for the collection of the land burial surcharge tax and shall be subject to suspension or revocation if the site license holder fails to collect or remit the tax collected under this section. The provisions of sections section 422.25, subsection 4, sections 422.30, ~~422.48 to 422.52, 422.54 to 422.58,~~ 422.67, and 422.68, section 422.69, subsection 1, and sections 422.70 to 422.75, section 423.14, subsection 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and 423.47, consistent with the provisions of this part 6 of division IV, shall apply with respect to the taxes authorized under this part, in the same manner and with the same effect as if the land burial surcharge tax were ~~retail~~ sales taxes within the meaning of those statutes. Notwithstanding the provisions of this paragraph section, the director shall provide for only quarterly filing of returns as prescribed in section ~~422.51~~ 423.31. Taxes collected by the director of revenue and finance under this section shall be deposited in the general fund of the state.

Sec. 198. Section 455G.3, subsection 1, Code 2003, is amended to read as follows:

1. The Iowa comprehensive petroleum underground storage tank fund is created as a separate fund in the state treasury, and any funds remaining in the fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Iowa comprehensive petroleum underground storage tank fund. Interest or other income earned by the fund shall be

deposited in the fund. The fund shall include moneys credited to the fund under this section, section ~~423-24~~ 423.43, subsection 1, paragraph "a", and sections 455G.8, 455G.9, and 455G.11, and other funds which by law may be credited to the fund. The moneys in the fund are appropriated to and for the purposes of the board as provided in this chapter. Amounts in the fund shall not be subject to appropriation for any other purpose by the general assembly, but shall be used only for the purposes set forth in this chapter. The treasurer of state shall act as custodian of the fund and disburse amounts contained in it as directed by the board including automatic disbursements of funds as received pursuant to the terms of bond indentures and documents and security provisions to trustees and custodians. The treasurer of state is authorized to invest the funds deposited in the fund at the direction of the board and subject to any limitations contained in any applicable bond proceedings. The income from such investment shall be credited to and deposited in the fund. The fund shall be administered by the board which shall make expenditures from the fund consistent with the purposes of the programs set out in this chapter without further appropriation. The fund may be divided into different accounts with different depositories as determined by the board and to fulfill the purposes of this chapter.

Sec. 199. Section 455G.6, subsection 4, Code 2003, is amended to read as follows:

4. Grant a mortgage, lien, pledge, assignment, or other encumbrance on one or more improvements, revenues, asset of right, accounts, or funds established or received in connection with the fund, including revenues derived from the use tax under section ~~423-24~~ 423.43, subsection 1, paragraph "a", and deposited in the fund or an account of the fund.

Sec. 200. Section 455G.8, subsection 2, Code 2003, is amended to read as follows:

2. USE TAX. The revenues derived from the use tax imposed under chapter 423, subchapter III. The proceeds of the use tax under section ~~423-24~~ 423.43, subsection 1, paragraph "a",

shall be allocated, consistent with this chapter, among the fund's accounts, for debt service and other fund expenses, according to the fund budget, resolution, trust agreement, or other instrument prepared or entered into by the board or authority under direction of the board.

Sec. 201. Section 455G.9, subsection 2, Code 2003, is amended to read as follows:

2. REMEDIAL ACCOUNT FUNDING. The remedial account shall be funded by that portion of the proceeds of the use tax imposed under chapter 423, subchapter III, and other moneys and revenues budgeted to the remedial account by the board.

Sec. 202. Section 2.67, Code 2003, is repealed.

Sec. 203. CODE EDITOR DIRECTIVE. The Code editor is directed to transfer Code chapter 423A to Code chapter 421A and to transfer Code chapters 422A, 422B, 422C, and 422E to Code chapters 423A, 423B, 423C, and 423E, respectively. The Code editor is directed to correct Code references as required due to the changes made in this Act.

#### SALES TAX ADVISORY COUNCIL

Sec. 204. IOWA STREAMLINED SALES TAX ADVISORY COUNCIL.

1. An Iowa streamlined sales tax advisory council is created. The advisory council shall review, study, and submit recommendations to the Iowa streamlined sales and use tax delegation regarding the proposed streamlined sales and use tax agreement formalized by the project's implementing sales on November 12, 2002, the proposed language conforming Iowa's sales and use tax to the national agreement, and the following issues:

a. Uniform definitions proposed in the current streamlined sales and use tax agreement and future proposals.

b. Effects upon taxability of items newly defined in Iowa.

c. Impacts upon business as a result of the streamlined sales and use tax.

d. Technology implementation issues.

e. Any other issues that are brought before the streamlined sales and use tax implementing state or the streamlined sales and use tax governing board.

2. The department shall provide administrative support to the Iowa streamlined sales tax advisory council. The advisory council shall be representative of Iowa's business community and economy when reviewing and recommending solutions to streamlined sales and use tax issues. The advisory council shall provide the general assembly and the governor with final recommendations made to the Iowa streamlined sales and use tax delegation upon the conclusion of each calendar year.

3. The director of revenue, in consultation with the Iowa taxpayers association and the Iowa association of business and industry, shall appoint members to the Iowa streamlined sales tax advisory council, which shall consist of the following members:

- a. One member from the department of revenue and finance.
- b. Three members representing small Iowa businesses, at least one of whom must be a retailer, and at least one of whom shall be a supplier.
- c. Three members representing medium Iowa businesses, at least one of whom shall be a retailer, and at least one of whom shall be a supplier.
- d. Three members representing large Iowa businesses, at least one of whom shall be a retailer, and at least one of whom shall be a supplier.
- e. One member representing taxpayers as a whole.
- f. One member representing the retail community as a whole.
- g. Any other member the director of revenue and finance deems appropriate.

Sec. 205. EFFECTIVE DATE. Except for the section creating the Iowa streamlined sales tax advisory council, this division of this Act takes effect July 1, 2004.

DIVISION XV

CAPITOL COMPLEX PARKING STRUCTURE

Sec. 206. NEW SECTION. 18A.8 CAPITOL COMPLEX PARKING STRUCTURE REVOLVING FUND.

A capitol complex parking structure revolving fund is created in the state treasury. The capitol complex parking

structure revolving fund shall be administered by the department of administrative services and shall consist of moneys collected by the department as parking fees, moneys appropriated to the fund by the general assembly, and any other moneys obtained or accepted by the department for deposit in the revolving fund. The proceeds of the revolving fund are appropriated to and shall be used by the department for costs associated with the management, operation, and maintenance of the capitol complex parking structure located at the intersection of Pennsylvania and Grand avenues in Des Moines. The department shall submit an annual report not later than January 31 to the members of the general assembly and the legislative services agency, of the activities funded by and expenditures made from the revolving fund during the preceding fiscal year. Section 8.33 does not apply to any moneys in the revolving fund and, notwithstanding section 12C.7, subsection 2, earnings or interest on moneys deposited in the revolving fund shall be credited to the revolving fund.

Sec. 207. CAPITOL COMPLEX PARKING STRUCTURE MANAGEMENT -- REQUEST FOR PROPOSALS. The department of administrative services shall issue a request for proposals for the management, operation, and maintenance of the state-owned parking structure located at the intersection of Pennsylvania and Grand avenues in Des Moines. The request for proposals shall include all of the following services:

1. The collection of parking fees and administration of parking permits.
2. Daily janitorial maintenance and necessary annual maintenance, pursuant to standards outlined in the parking garage maintenance manual published by the parking consultants council of the national parking association.
3. Long-term structural maintenance.

Awarding of a contract for the management, operation, and maintenance of the parking structure is subject to approval by the general assembly.

Sec. 208. CAPITOL COMPLEX PARKING STRUCTURE -- EMPLOYEE PARKING FEES. The department of administrative services shall

establish reasonable parking fees for state employees for the use of the state-owned parking structure located at the intersection of Pennsylvania and Grand avenues in Des Moines. Parking fees shall not be established or collected for use of the parking structure by members of the general public. Such fees shall be deposited in the capitol complex parking structure revolving fund created in section 18A.8, as enacted by this Act.

DIVISION XVI  
EFFECTIVE DATE

Sec. 209. EFFECTIVE DATE. Unless otherwise provided in this Act, this Act takes effect July 1, 2003.

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CHRISTOPHER C. RANTS  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 683, Eightieth General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2003

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THOMAS J. VILSACK  
Governor