

# House Study Bill 662

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
REVENUE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the policy administration of the tax and  
2 related laws by the department of revenue, including  
3 administration of income and sales and use taxes, and  
4 including effective and retroactive applicability date  
5 provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
7 TLSB 5475XD 82  
8 mg/sc/5

PAG LIN

1 1 DIVISION I  
1 2 TAX ADMINISTRATION  
1 3 Section 1. Section 99B.10B, subsection 2, Code Supplement  
1 4 2007, is amended to read as follows:  
1 5 2. a. The department shall revoke a registration issued  
1 6 pursuant to section 99B.10 or 99B.10A, for a period of ten  
1 7 years if a person commits an offense of awarding a cash prize  
1 8 in violation of section 99B.10, subsection 1, paragraph "b",  
1 9 pursuant to rules adopted by the department. A person whose  
1 10 registration is revoked under this subsection who is a person  
1 11 for which a class "A", class "B", class "C", special class  
1 12 "C", or class "D" liquor control license has been issued  
1 13 pursuant to chapter 123 shall have the person's liquor control  
1 14 license suspended for a period of fourteen days in the same  
1 15 manner as provided in section 123.50, subsection 3, paragraph  
1 16 "a". A person whose registration is revoked under this  
1 17 subsection who is a person for which only a class "B" or class  
1 18 "C" beer permit has been issued pursuant to chapter 123 shall  
1 19 have the person's class "B" or class "C" beer permit suspended  
1 20 ~~and that person's sales tax permit suspended~~ for a period of  
1 21 fourteen days in the same manner as provided in section  
1 22 123.50, subsection 3, paragraph "a".  
1 23 b. If a person owning or employed by an establishment  
1 24 having a class "A", class "B", class "C", special class "C",  
1 25 or class "D" liquor control license issued pursuant to chapter  
1 26 123 commits an offense of awarding a cash prize in violation  
1 27 of section 99B.10, subsection 1, paragraph "b", pursuant to  
1 28 rules adopted by the department, the liquor control license of  
1 29 the establishment shall be suspended for a period of fourteen  
1 30 days in the same manner as provided in section 123.50,  
1 31 subsection 3, paragraph "a". If a person owning or employed  
1 32 by an establishment having a class "B" or class "C" beer  
1 33 permit issued pursuant to chapter 123 awards a cash prize in  
1 34 violation of section 99B.10, subsection 1, paragraph "b",  
1 35 pursuant to rules adopted by the department, the beer permit  
2 1 of the establishment ~~and the establishment's sales tax permit~~  
2 2 shall be suspended for a period of fourteen days in the same  
2 3 manner as provided in section 123.50, subsection 3, paragraph  
2 4 "a".  
2 5 Sec. 2. Section 99B.14, subsection 1, Code 2007, is  
2 6 amended to read as follows:  
2 7 1. The department may deny, suspend, or revoke a license  
2 8 if the department finds that an applicant, licensee, or an  
2 9 agent of the licensee violated or permitted a violation of a  
2 10 provision of this chapter or a departmental rule adopted  
2 11 pursuant to chapter 17A, or for any other cause for which the  
2 12 director of the department would be or would have been  
2 13 justified in refusing to issue a license, or upon the  
2 14 conviction of a person of a violation of this chapter or a  
2 15 rule adopted under this chapter which occurred on the licensed  
2 16 premises. However, the denial, suspension, or revocation of

2 17 one type of gambling license does not require, but may result  
2 18 in, the denial, suspension, or revocation of a different type  
2 19 of gambling license held by the same licensee. In addition, a  
2 20 person whose license is revoked under this section who is a  
2 21 person for which a class "A", class "B", class "C", or class  
2 22 "D" liquor control license has been issued pursuant to chapter  
2 23 123 shall have the person's liquor control license suspended  
2 24 for a period of fourteen days in the same manner as provided  
2 25 in section 123.50, subsection 3, paragraph "a". In addition,  
2 26 a person whose license is revoked under this section who is a  
2 27 person for which only a class "B" or class "C" beer permit has  
2 28 been issued pursuant to chapter 123 shall have the person's  
2 29 class "B" or class "C" beer permit suspended ~~and that person's~~  
~~2 30 sales tax permit suspended~~ for a period of fourteen days in  
2 31 the same manner as provided in section 123.50, subsection 3,  
2 32 paragraph "a".

2 33 Sec. 3. Section 421.17, Code 2007, is amended by adding  
2 34 the following new subsection:

2 35 NEW SUBSECTION. 30. If a natural disaster is declared by  
3 1 the governor in any area of the state, the director may extend  
3 2 for a period of up to one year the due date for the filing of  
3 3 any tax return and may suspend any associated penalty or  
3 4 interest that would accrue during that period of time for any  
3 5 affected taxpayer whose principal residence or business is  
3 6 located in the covered area if the director determines it  
3 7 necessary for the efficient administration of the tax laws of  
3 8 this state.

3 9 Sec. 4. Section 421.17A, subsection 4, paragraph a, Code  
3 10 Supplement 2007, is amended by adding the following new  
3 11 unnumbered paragraph:

3 12 NEW UNNUMBERED PARAGRAPH. The facility and financial  
3 13 institutions doing business in Iowa shall enter into  
3 14 agreements to develop and operate a data match system and  
3 15 shall use automated data exchanges to the maximum extent  
3 16 feasible. The data match system shall allow a means by which  
3 17 each financial institution shall provide to the facility for  
3 18 each calendar quarter the name, record address, social  
3 19 security number or other taxpayer identification number, and  
3 20 other identifying information for each obligor who maintains  
3 21 an account at the institution as identified by the facility by  
3 22 name and social security number or other taxpayer  
3 23 identification number. The facility shall work with  
3 24 representatives of financial institutions to develop a system  
3 25 to assist financial institutions in complying with the  
3 26 provisions of this chapter.

3 27 Sec. 5. Section 421.60, subsection 8, Code 2007, is  
3 28 amended to read as follows:

3 29 8. REFUND OF UNTIMELY ASSESSED TAXES. Notwithstanding any  
3 30 other refund statute, if it appears that an amount of tax,  
3 31 penalty, or interest has been paid to the department after the  
3 32 expiration of the statute of limitations for the department to  
3 33 determine and assess or collect the amount of such tax due,  
3 34 then the amount paid shall be credited against another tax  
3 35 liability of the taxpayer which is outstanding, if the statute  
4 1 of limitations for assessment or collection of that other tax  
4 2 has not expired or the amount paid shall be refunded to the  
4 3 person or, with the person's approval, credited to tax to  
4 4 become due. An application for refund or credit under this  
4 5 subsection must be filed within one year of payment. This  
4 6 subsection shall not be construed to prohibit the department  
4 7 from offsetting the refund claim against any tax due, if the  
4 8 statute of limitations for that other tax has not expired.  
4 9 However, any tax, penalty, or interest due for which a notice  
4 10 of assessment was not issued by the department but which was  
4 11 voluntarily paid by a taxpayer after the expiration of the  
4 12 statute of limitations for assessment shall not be refunded.

4 13 DIVISION II  
4 14 INCOME TAX

4 15 Sec. 6. Section 15E.305, subsection 1, Code Supplement  
4 16 2007, is amended to read as follows:

4 17 1. For tax years beginning on or after January 1, 2003, a  
4 18 tax credit shall be allowed against the taxes imposed in  
4 19 chapter 422, divisions II, III, and V, and in chapter 432, and  
4 20 against the moneys and credits tax imposed in section 533.329  
4 21 equal to twenty percent of a taxpayer's endowment gift to an  
4 22 endow Iowa qualified community foundation. An individual may  
4 23 claim a tax credit under this section of a partnership,  
4 24 limited liability company, S corporation, estate, or trust  
4 25 electing to have income taxed directly to the individual. The  
4 26 amount claimed by the individual shall be based upon the pro  
4 27 rata share of the individual's earnings from the partnership,

4 28 limited liability company, S corporation, estate, or trust. A  
4 29 tax credit shall be allowed only for an endowment gift made to  
4 30 an endow Iowa qualified community foundation for a permanent  
4 31 endowment fund established to benefit a charitable cause in  
4 32 this state. The amount of the gift for which the tax credit  
4 33 is claimed shall not be deductible in determining taxable

4 34 income for state tax purposes. Any tax credit in excess of  
4 35 the taxpayer's tax liability for the tax year may be credited  
5 1 to the tax liability for the following five years or until  
5 2 depleted, whichever occurs first. A tax credit shall not be  
5 3 carried back to a tax year prior to the tax year in which the  
5 4 taxpayer claims the tax credit.

5 5 Sec. 7. Section 422.24A, Code 2007, is repealed.

5 6 Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

5 7 1. The section of this division of this Act amending  
5 8 section 15E.305 takes effect January 1, 2009, and applies to  
5 9 tax years beginning on or after that date.

5 10 2. The section of this division of this Act repealing  
5 11 section 422.24A applies retroactively to January 1, 2008, for  
5 12 tax years beginning on or after that date.

5 13 EXPLANATION

5 14 DIVISION I == TAX ADMINISTRATION. Code sections 99B.10B  
5 15 and 99B.14 are amended to remove the authorization of the  
5 16 department of inspections and appeals to suspend a person's  
5 17 sales tax permit for a violation of Code chapter 99B, relating  
5 18 to games of skill or chance and raffles.

5 19 Code section 421.17 is amended by adding new subsection 30  
5 20 to permit the director to extend the period of time for filing  
5 21 tax returns and to suspend any penalty or interest associated  
5 22 with those returns for taxpayers residing in an area declared  
5 23 as a disaster area by the governor.

5 24 Code section 421.17A is amended to require financial  
5 25 institutions and the centralized debt collection facility of  
5 26 the department to enter into agreements to develop and operate  
5 27 data match systems which are to use automated data exchanges  
5 28 to the maximum extent feasible. The centralized debt  
5 29 collection facility has authority to levy against the accounts  
5 30 of individuals and businesses that have outstanding  
5 31 liabilities with the department.

5 32 Code section 421.60, subsection 8, is amended to provide  
5 33 that any tax, penalty, or interest due which was voluntarily  
5 34 paid by a taxpayer after the expiration of the statute of  
5 35 limitations for assessment, and a notice of assessment was not  
6 1 issued by the department, shall not be refunded.

6 2 DIVISION II == INCOME TAX. Code section 15E.305 is amended  
6 3 to state that taxpayers who receive the endow Iowa tax credit  
6 4 for an endowment gift to a qualified community foundation  
6 5 cannot also claim a deduction for state tax purposes for this  
6 6 same endowment gift. This provision takes effect January 1,  
6 7 2009, for tax years beginning on or after that date.

6 8 Code section 422.24A is repealed. This section provides  
6 9 for a start-up business tax deferral whereby taxable income  
6 10 for the first three years that an eligible business is in  
6 11 operation can be deferred. Since this provision was enacted  
6 12 in 2002, no businesses have applied for this deferral. This  
6 13 provision applies retroactively to January 1, 2008, for tax  
6 14 years beginning on or after that date.

6 15 LSB 5475XD 82

6 16 mg/sc/5.1