

House Study Bill 783

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

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

A BILL FOR

1 An Act relating to administration of the tax and related laws by
2 the department of revenue, including administration of income,
3 sales and use, property, motor fuel, and tobacco taxes.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6575HC 82
6 mg/sc/5

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1 1 Section 1. Section 422.16, subsection 1, paragraph a, Code
1 2 Supplement 2007, is amended to read as follows:
1 3 a. Every withholding agent and every employer as defined
1 4 in this chapter and further defined in the Internal Revenue
1 5 Code, with respect to income tax collected at source, making
1 6 payment of wages to a nonresident employee working in Iowa, or
1 7 to a resident employee, shall deduct and withhold from the
1 8 wages an amount which will approximate the employee's annual
1 9 tax liability on a calendar year basis, calculated on the
1 10 basis of tables to be prepared by the department and schedules
1 11 or percentage rates, based on the wages, to be prescribed by
1 12 the department. Every employee or other person shall declare
1 13 to the employer or withholding agent the number of the
1 14 employee's or other person's personal ~~exemptions and~~
~~1 15 dependency exemptions or credits allowances~~ to be used in
1 16 applying the tables and schedules or percentage rates.
1 17 However, no greater number of ~~personal or dependency~~
~~1 18 exemptions or credits allowances~~ may be declared by the
1 19 employee or other person than the number to which the employee
1 20 or other person is entitled except as allowed under sections
1 21 3402(m)(1) and 3402(m)(3) of the Internal Revenue Code and as
1 22 allowed for the child and dependent care credit provided in
1 23 section 422.12C. The claiming of ~~exemptions or credits~~
1 24 ~~allowances~~ in excess of entitlement is a serious misdemeanor.
1 25 Sec. 2. Section 423.36, subsection 2, Code 2007, is
1 26 amended to read as follows:
1 27 2. To collect sales or use tax, the applicant must have a
1 28 permit for each place of business in the state of Iowa. The
1 29 department may deny a permit to an applicant who is
1 30 substantially delinquent in paying a tax due, or the interest
1 31 or penalty on the tax, administered by the department at the
1 32 time of application or if the applicant had a previous
~~1 33 delinquent liability with the department.~~ If the applicant is
1 34 a partnership, a permit may be denied if a partner is
1 35 substantially delinquent in paying any delinquent tax,
2 1 penalty, or interest or if a partner had a previous delinquent
~~2 2 liability with the department.~~ If the applicant is a
2 3 corporation, a permit may be denied if any officer having a
2 4 substantial legal or equitable interest in the ownership of
2 5 the corporation owes any delinquent tax, penalty, or interest
2 6 or if any officer having a substantial legal or equitable
~~2 7 interest in the ownership of the corporation had a previous~~
~~2 8 delinquent liability with the department.~~
2 9 Sec. 3. Section 423A.5, subsection 1, Code 2007, is
2 10 amended by adding the following new paragraph:
2 11 NEW PARAGRAPH. c. The sales price from transactions
2 12 exempt from state sales tax under section 423.3.
2 13 Sec. 4. Section 423A.5, subsection 2, Code 2007, is
2 14 amended by adding the following new paragraph:
2 15 NEW PARAGRAPH. c. The sales price from transactions
2 16 exempt from state sales tax under section 423.3.
2 17 Sec. 5. Section 423D.3, Code 2007, is amended to read as

2 18 follows:

2 19 423D.3 EXEMPTION.

2 20 The sales price on the lease or rental of equipment to
2 21 contractors for direct and primary use in construction is
2 22 exempt from the tax imposed by this chapter. The sales price
2 23 from transactions exempt from state sales tax under section
2 24 423.3 is also exempt from the tax imposed by this chapter.

2 25 Sec. 6. Section 427.1, subsection 7, Code Supplement 2007,
2 26 is amended to read as follows:

2 27 7. LIBRARIES AND ART GALLERIES. All grounds and buildings
2 28 used for public libraries, public art galleries, and libraries
2 29 and art galleries owned and kept by private individuals,
2 30 associations, or corporations, for public use and not for
2 31 private profit. Claims for exemption for libraries and art
2 32 galleries owned and kept by private individuals, associations,
2 33 or corporations for public use and not for private profit must
2 34 be filed with the local assessor by February 1 of the first
2 35 year the exemption is requested. Once the exemption is
3 1 granted, the exemption shall continue to be granted for
3 2 subsequent assessment years without further filing of claims
3 3 as long as the property continues to be used as a library or
3 4 art gallery for public use and not for private profit.

3 5 Sec. 7. Section 452A.2, subsection 35, Code 2007, is
3 6 amended to read as follows:

3 7 35. "Supplier" means a person who acquires motor fuel or
3 8 special fuel by pipeline or marine vessel from a state,
3 9 territory, or possession of the United States, or from a
3 10 foreign country for storage at and distribution from a
3 11 terminal and who is registered under 26 U.S.C. } 4101 for
3 12 tax-free transactions in gasoline, a person who produces in
3 13 this state or acquires by truck, railcar, or barge for storage
3 14 at and distribution from a terminal, biofuel, biodiesel,
3 15 alcohol, or alcohol derivative substances, or a person who
3 16 produces, manufactures, or refines motor fuel or special fuel
3 17 in this state. "Supplier" includes a person who does not meet
3 18 the jurisdictional connection to this state but voluntarily
3 19 agrees to act as a supplier for purposes of collecting and
3 20 reporting the motor fuel or special fuel tax. "Supplier" does
3 21 not include a retail dealer or wholesaler who merely blends
3 22 alcohol with gasoline or biofuel with diesel before the sale
3 23 or distribution of the product or a terminal operator who
3 24 merely handles, in a terminal, motor fuel or special fuel
3 25 consigned to the terminal operator.

3 26 Sec. 8. Section 452A.59, Code 2007, is amended to read as
3 27 follows:

3 28 452A.59 ADMINISTRATIVE RULES.

3 29 The department of revenue and the state department of
3 30 transportation are authorized and empowered to adopt rules
3 31 under chapter 17A, relating to the administration and
3 32 enforcement of this chapter as deemed necessary by the
3 33 departments. However, when in the opinion of the director it
3 34 is necessary for the efficient administration of this chapter,
3 35 the director may regard persons in possession of motor fuel,
4 1 special fuel, biofuel, alcohol, or alcohol derivative
4 2 substances as blenders, dealers, eligible purchasers,
4 3 exporters, importers, restrictive suppliers, suppliers,
4 4 terminal operators, or nonterminal storage facility operators.

4 5 Sec. 9. Section 453A.46, subsection 7, Code Supplement
4 6 2007, is amended to read as follows:

4 7 7. The director may require by rule that ~~reports~~ returns
4 8 be filed by electronic transmission.

4 9 EXPLANATION

4 10 This bill makes changes relating to the technical
4 11 administration of the tax and related laws by the department
4 12 of revenue.

4 13 Code section 422.16 is amended to specify that allowances
4 14 are claimed by employees when determining the amount of Iowa
4 15 withholding tax, not personal or dependency exemptions or
4 16 credits.

4 17 Code section 423.36 is amended to allow the department to
4 18 deny an application for a sales or use tax permit if the
4 19 applicant had a previous delinquent liability with the
4 20 department.

4 21 Code section 423A.5 is amended to exempt from the state and
4 22 local hotel and motel tax transactions that are exempt from
4 23 state sales tax.

4 24 Code section 423D.3 is amended to exempt from the equipment
4 25 tax transactions that are exempt from the state sales tax.

4 26 Code section 427.1 is amended to require a claim for a
4 27 property tax exemption to be filed by privately owned
4 28 libraries and art galleries used for public purposes and not

4 29 for private profit to receive the property tax exemption.

4 30 Code section 452A.2 is amended to include in the definition
4 31 of "supplier" a person that produces or acquires biofuel or
4 32 biodiesel for storage and distribution from a terminal. The
4 33 definition is also amended to specify that "supplier" does not
4 34 include a retail dealer or wholesaler who merely blends
4 35 biofuel with diesel fuel before sale or distribution of the

5 1 product.

5 2 Code section 452A.59 is amended to authorize the director
5 3 to regard persons dealing in various fuel products as defined
5 4 persons contained in Code chapter 452A if the director
5 5 determines it is necessary for the efficient administration of
5 6 the motor fuel chapter.

5 7 Code section 453A.46 is amended to make a technical
5 8 correction to clarify that the director may require by rule
5 9 that tobacco "returns" rather than "reports" be filed by
5 10 electronic transmission.

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