

# Senate File 2402 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND  
MEANS

(SUCCESSOR TO SSB 3058)

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

## A BILL FOR

1 An Act relating to the technical administration of the tax and  
2 related laws by the department of revenue, including  
3 administration of income, sales and use, property, motor fuel,  
4 and tobacco taxes.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSS 5494SV 82  
7 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.33, subsection 2, unnumbered  
3 27 paragraph 1, Code 2007, is amended to read as follows:

3 28 On or before ~~February~~ April 1 the department shall deliver  
3 29 a report to the governor and the legislative services agency.  
3 30 The report shall compile information reported by retail  
3 31 dealers to the department as provided in this section and  
3 32 shall at least include all of the following:

3 33 Sec. 9. Section 452A.59, Code 2007, is amended to read as  
3 34 follows:

3 35 452A.59 ADMINISTRATIVE RULES.

4 1 The department of revenue and the state department of  
4 2 transportation are authorized and empowered to adopt rules  
4 3 under chapter 17A, relating to the administration and  
4 4 enforcement of this chapter as deemed necessary by the  
4 5 departments. However, when in the opinion of the director it  
4 6 is necessary for the efficient administration of this chapter,  
4 7 the director may regard persons in possession of motor fuel,  
4 8 special fuel, biofuel, alcohol, or alcohol derivative  
4 9 substances as blenders, dealers, eligible purchasers,  
4 10 exporters, importers, restrictive suppliers, suppliers,  
4 11 terminal operators, or nonterminal storage facility operators.

4 12 Sec. 10. Section 453A.46, subsection 7, Code Supplement  
4 13 2007, is amended to read as follows:

4 14 7. The director may require by rule that ~~reports~~ returns  
4 15 be filed by electronic transmission.

4 16 EXPLANATION

4 17 This bill makes changes relating to the technical  
4 18 administration of the tax and related laws by the department  
4 19 of revenue.

4 20 Code section 422.16 is amended to specify that allowances  
4 21 are claimed by employees when determining the amount of Iowa  
4 22 withholding tax, not personal or dependency exemptions or  
4 23 credits.

4 24 Code section 423.36 is amended to allow the department to  
4 25 deny an application for a sales or use tax permit if the  
4 26 applicant had a previous delinquent liability with the

4 27 department.  
4 28 Code section 423A.5 is amended to exempt from the state and  
4 29 local hotel and motel tax transactions that are exempt from  
4 30 state sales tax.  
4 31 Code section 423D.3 is amended to exempt from the equipment  
4 32 tax transactions that are exempt from the state sales tax.  
4 33 Code section 427.1 is amended to require a claim for a  
4 34 property tax exemption to be filed by privately owned  
4 35 libraries and art galleries used for public purposes and not  
5 1 for private profit to receive the property tax exemption.  
5 2 Code section 452A.2 is amended to include in the definition  
5 3 of "supplier" a person that produces or acquires biofuel or  
5 4 biodiesel for storage and distribution from a terminal. The  
5 5 definition is also amended to specify that "supplier" does not  
5 6 include a retail dealer or wholesaler who merely blends  
5 7 biofuel with diesel fuel before sale or distribution of the  
5 8 product.  
5 9 Code section 452A.33 is amended to change the date from  
5 10 February 1 to April 1 when the department of revenue is  
5 11 required to submit its report on information compiled from  
5 12 motor fuel retailers to the governor and the legislative  
5 13 services agency.  
5 14 Code section 452A.59 is amended to authorize the director  
5 15 to regard persons dealing in various fuel products as defined  
5 16 persons contained in Code chapter 452A if the director  
5 17 determines it is necessary for the efficient administration of  
5 18 the motor fuel chapter.  
5 19 Code section 453A.46 is amended to make a technical  
5 20 correction to clarify that the director may require by rule  
5 21 that tobacco "returns" rather than "reports" be filed by  
5 22 electronic transmission.  
5 23 LSB 5494SV 82  
5 24 mg/sc/5