

**Senate File 2272 - Introduced**

SENATE FILE 2272

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3117)

**A BILL FOR**

1 An Act relating to the technical administration of the tax and  
2 related laws of the state, including administration by the  
3 department of revenue of certain tax credits and refunds,  
4 income taxes, sales and use taxes, hotel and motel taxes,  
5 and equipment taxes, and modifying provisions relating  
6 to the property assessment appeal board, and including  
7 effective date and retroactive applicability provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

MISCELLANEOUS ADMINISTRATIVE CHANGES

Section 1. Section 421.17, Code 2014, is amended by adding the following new subsection:

NEW SUBSECTION. 33. To adopt rules ensuring that the total amount of transfers and disbursements in a fiscal year by the department to a local government or other entity with respect to projects under chapter 15J, chapter 418, or section 423B.10 does not exceed the amount of applicable taxes collected during the same fiscal year within the geographic boundaries of the reinvestment districts, governmental entities, or urban renewal areas in which such projects are located.

Sec. 2. Section 441.37A, subsection 1, paragraph e, Code 2014, is amended to read as follows:

~~e. For the assessment year beginning January 1, 2014, the~~  
The property assessment appeal board may, by rule, provide for the filing of a notice of appeal and petition with the secretary of the board by electronic means. All requirements of this section for an appeal to the board shall apply to an appeal filed electronically.

DIVISION II

TAX CREDITS AND REFUNDS

Sec. 3. Section 15.293A, subsection 2, paragraph b, subparagraph (1), Code 2014, is amended to read as follows:

(1) To claim a redevelopment tax credit under this section, a taxpayer must ~~attach~~ include one or more tax credit certificates ~~to~~ with the taxpayer's tax return. A tax credit certificate shall not be ~~used or attached to~~ included with a return filed for a taxable year beginning prior to July 1, 2009.

Sec. 4. Section 15.331C, subsection 2, Code 2014, is amended to read as follows:

2. A third-party developer shall state under oath, on forms provided by the department of revenue, the amount of taxes paid as described in subsection 1 and shall submit such

1 forms to the department of revenue. The taxes paid shall be  
2 itemized to allow identification of the taxes attributable  
3 to racks, shelving, and conveyor equipment to be used in a  
4 warehouse or distribution center. After receiving the form  
5 from the third-party developer, the department of revenue  
6 shall issue a tax credit certificate to the eligible business  
7 equal to the sales and use taxes paid by a third-party  
8 developer under chapter 423 for gas, electricity, water, or  
9 sewer utility services, goods, wares, or merchandise, or  
10 on services rendered, furnished, or performed to or for a  
11 contractor or subcontractor and used in the fulfillment of a  
12 written contract relating to the construction or equipping  
13 of a facility. The department of revenue shall also issue a  
14 tax credit certificate to the eligible business equal to the  
15 taxes paid and attributable to racks, shelving, and conveyor  
16 equipment to be used in a warehouse or distribution center.  
17 The aggregate combined total amount of tax refunds under  
18 section 15.331A for taxes attributable to racks, shelving, and  
19 conveyor equipment to be used in a warehouse or distribution  
20 center and of tax credit certificates issued by the department  
21 of revenue for the taxes paid and attributable to racks,  
22 shelving, and conveyor equipment to be used in a warehouse or  
23 distribution center shall not exceed five hundred thousand  
24 dollars in a fiscal year. If an applicant for a tax credit  
25 certificate does not receive a certificate for the taxes paid  
26 and attributable to racks, shelving, and conveyor equipment to  
27 be used in a warehouse or distribution center, the application  
28 shall be considered in succeeding fiscal years. The eligible  
29 business shall not claim a tax credit under this section  
30 unless a tax credit certificate issued by the department of  
31 revenue is ~~attached to~~ included with the taxpayer's tax return  
32 for the tax year for which the tax credit is claimed. A tax  
33 credit certificate shall contain the eligible business's  
34 name, address, tax identification number, the amount of the  
35 tax credit, and other information deemed necessary by the

1 department of revenue.

2 Sec. 5. Section 15E.44, subsection 4, Code 2014, is amended  
3 to read as follows:

4 4. After verifying the eligibility of a qualifying  
5 business, the authority shall issue a tax credit certificate to  
6 ~~be attached to~~ included with the equity investor's tax return.  
7 The tax credit certificate shall contain the taxpayer's name,  
8 address, tax identification number, the amount of credit, the  
9 name of the qualifying business, and other information required  
10 by the department of revenue. The tax credit certificate,  
11 unless rescinded by the authority, shall be accepted by the  
12 department of revenue as payment for taxes imposed pursuant  
13 to chapter 422, divisions II, III, and V, and in chapter  
14 432, and for the moneys and credits tax imposed in section  
15 533.329, subject to any conditions or restrictions placed by  
16 the authority upon the face of the tax credit certificate and  
17 subject to the limitations of section 15E.43.

18 Sec. 6. Section 15E.45, subsection 4, Code 2014, is amended  
19 to read as follows:

20 4. After verifying the eligibility of the community-based  
21 seed capital fund, the authority shall issue a tax credit  
22 certificate to be ~~attached to~~ included with the taxpayer's  
23 tax return. The tax credit certificate shall contain the  
24 taxpayer's name, address, tax identification number, the amount  
25 of the tax credit, the name of the community-based seed capital  
26 fund, and other information required by the department of  
27 revenue. The tax credit certificate, unless rescinded by the  
28 authority, shall be accepted by the department of revenue or  
29 a local taxing district, as applicable, as payment for taxes  
30 imposed pursuant to chapter 422, divisions II, III, and V, and  
31 chapter 432, and as payment for the moneys and credits tax  
32 imposed pursuant to section 533.329, subject to any conditions  
33 or restrictions placed by the authority on the face of the tax  
34 credit certificate and subject to the limitations of section  
35 15E.43.

1     Sec. 7. Section 15E.193B, subsection 6, paragraph a, Code  
2 2014, is amended to read as follows:

3     a. An eligible housing business may claim a tax credit  
4 up to a maximum of ten percent of the new investment which  
5 is directly related to the building or rehabilitating of a  
6 minimum of four single-family homes located in that part of  
7 a city or county in which there is a designated enterprise  
8 zone or one multiple dwelling unit building containing three  
9 or more individual dwelling units located in that part of a  
10 city or county in which there is a designated enterprise zone.  
11 The new investment that may be used to compute the tax credit  
12 shall not exceed the new investment used for the first one  
13 hundred forty thousand dollars of value for each single-family  
14 home or for each unit of a multiple dwelling unit building  
15 containing three or more units. The tax credit may be used to  
16 reduce the tax ~~liability~~ liabilities imposed under chapter 422,  
17 ~~division~~ divisions II, III, ~~or~~ and V, ~~or~~ and chapter 432. Any  
18 credit in excess of the tax liability for the tax year may be  
19 credited to the tax liability for the following seven years or  
20 until depleted, whichever occurs earlier. If the business is  
21 a partnership, S corporation, limited liability company, or  
22 estate or trust electing to have the income taxed directly to  
23 the individual, an individual may claim the tax credit allowed.  
24 The amount claimed by the individual shall be based upon the  
25 pro rata share of the individual's earnings of the partnership,  
26 S corporation, limited liability company, or estate or trust  
27 except as allowed for under subsection 8 when low-income  
28 housing tax credits authorized under section 42 of the Internal  
29 Revenue Code are used to assist in the financing of the housing  
30 development.

31     Sec. 8. Section 15E.193B, subsection 8, Code 2014, is  
32 amended to read as follows:

33     8. a. The amount of the tax credits determined pursuant  
34 to subsection 6, paragraph "a", for each project shall be  
35 approved by the economic development authority. The authority

1 shall utilize the financial information required to be provided  
2 under subsection 5, paragraph "e", to determine the tax credits  
3 allowed for each project. In determining the amount of tax  
4 credits to be allowed for a project, the authority shall not  
5 include the portion of the project cost financed through  
6 federal, state, and local government tax credits, grants,  
7 and forgivable loans. Upon approving the amount of the tax  
8 credit, the economic development authority shall issue a tax  
9 credit certificate to the eligible housing business except  
10 when low-income housing tax credits authorized under section  
11 42 of the Internal Revenue Code are used to assist in the  
12 financing of the housing development in which case the tax  
13 credit certificate may be issued to a partner if the business  
14 is a partnership, a shareholder if the business is an S  
15 corporation, or a member if the business is a limited liability  
16 company in the amounts designated by the eligible partnership,  
17 S corporation, or limited liability company. An eligible  
18 housing business or the designated partner if the business is  
19 a partnership, designated shareholder if the business is an S  
20 corporation, or designated member if the business is a limited  
21 liability company, or transferee shall not claim the tax credit  
22 unless a tax credit certificate is ~~attached to~~ included with  
23 the taxpayer's return for the tax year for which the tax  
24 credit is claimed. The tax credit certificate shall contain  
25 the taxpayer's name, address, tax identification number, the  
26 amount of the tax credit, and other information required by  
27 the department of revenue. The tax credit certificate shall  
28 be transferable if the housing development is located in a  
29 brownfield site as defined in section 15.291, if the housing  
30 development is located in a blighted area as defined in section  
31 403.17, or if low-income housing tax credits authorized under  
32 section 42 of the Internal Revenue Code are used to assist in  
33 the financing of the housing development. Not more than three  
34 million dollars worth of tax credits for housing developments  
35 that are located in a brownfield site as defined in section

1 15.291 or housing developments located in a blighted area as  
2 defined in section 403.17 shall be transferred in one calendar  
3 year. The three million dollar annual limit does not apply  
4 to tax credits awarded to an eligible housing business having  
5 low-income housing tax credits authorized under section 42 of  
6 the Internal Revenue Code to assist in the financing of the  
7 housing development. The authority may approve an application  
8 for tax credit certificates for transfer from an eligible  
9 housing business located in a brownfield site as defined in  
10 section 15.291 or in a blighted area as defined in section  
11 403.17 that would result in the issuance of more than three  
12 million dollars of tax credit certificates for transfer,  
13 provided the authority, through negotiation with the eligible  
14 business, allocates those tax credit certificates for transfer  
15 over more than one calendar year. The authority shall not  
16 approve more than one million five hundred thousand dollars  
17 in tax credit certificates for transfer to any one eligible  
18 housing business located in a brownfield site as defined in  
19 section 15.291 or in a blighted area as defined in section  
20 403.17 in a calendar year. If three million dollars in tax  
21 credit certificates for transfer have not been issued at the  
22 end of a calendar year, the remaining tax credit certificates  
23 for transfer may be issued in advance to an eligible housing  
24 business scheduled to receive a tax credit certificate for  
25 transfer in a later calendar year. Any time the authority  
26 approves a tax credit certificate for transfer which has not  
27 been allocated at the end of a calendar year, the authority may  
28 prorate the remaining certificates to more than one eligible  
29 applicant. If the entire three million dollars of tax credit  
30 certificates for transfer is not issued in a given calendar  
31 year, the remaining amount may be carried over to a succeeding  
32 calendar year. Tax credit certificates issued under this  
33 chapter may be transferred to any person or entity. The  
34 economic development authority shall notify the department  
35 of revenue of the tax credit certificates which have been

1 approved for transfer. Within ninety days of transfer, the  
2 transferee must submit the transferred tax credit certificate  
3 to the department of revenue along with a statement containing  
4 the transferee's name, tax identification number, and  
5 address, and the denomination that each replacement tax credit  
6 certificate is to carry and any other information required by  
7 the department of revenue. Within thirty days of receiving  
8 the transferred tax credit certificate and the transferee's  
9 statement, the department of revenue shall issue one or more  
10 replacement tax credit certificates to the transferee. Each  
11 replacement certificate must contain the information required  
12 to receive the original certificate and must have the same  
13 expiration date that appeared in the transferred tax credit  
14 certificate. Tax credit certificate amounts of less than the  
15 minimum amount established by rule of the economic development  
16 authority shall not be transferable. A tax credit shall not be  
17 claimed by a transferee under subsection 6, paragraph "a", until  
18 a replacement tax credit certificate identifying the transferee  
19 as the proper holder has been issued.

20 b. The transferee may use the amount of the tax credit  
21 transferred against the taxes imposed under chapter 422,  
22 divisions II, III, and V, and chapter 432 for any tax year the  
23 original transferor could have claimed the tax credit. Any  
24 consideration received for the transfer of the tax credit shall  
25 not be included as income under chapter 422, divisions II, III,  
26 and V. Any consideration paid for the transfer of the tax  
27 credit shall not be deducted from income under chapter 422,  
28 divisions II, III, and V.

29 Sec. 9. Section 16.211, subsection 2, paragraphs a and b,  
30 Code 2014, are amended to read as follows:

31 a. To claim a disaster recovery housing project tax  
32 credit under this section, a taxpayer must ~~attach~~ include one  
33 or more tax credit certificates ~~to~~ with the taxpayer's tax  
34 return. The tax credit certificate or certificates ~~attached~~  
35 ~~to~~ included with the taxpayer's tax return shall be issued in

1 the taxpayer's name, expire on or after the last day of the  
2 taxable year for which the taxpayer is claiming the tax credit,  
3 and show a tax credit amount equal to or greater than the tax  
4 credit claimed on the taxpayer's tax return.

5     *b.* After verifying the eligibility of a taxpayer for a tax  
6 credit pursuant to this section, the authority shall issue a  
7 disaster recovery housing project tax credit certificate to be  
8 ~~attached to~~ included with the taxpayer's tax return. The tax  
9 credit certificate shall contain the taxpayer's name, address,  
10 tax identification number; the amount of the credit; and any  
11 other information required by the department of revenue.

12     Sec. 10. Section 175.37, subsection 7, unnumbered paragraph  
13 1, Code 2014, is amended to read as follows:

14     A taxpayer shall not claim a tax credit under this section  
15 unless a tax credit certificate issued by the authority is  
16 ~~attached to~~ included with the taxpayer's tax return for the  
17 tax year for which the tax credit is claimed. The authority  
18 must review and approve an application for a tax credit as  
19 provided by rules adopted by the authority. The application  
20 must include a copy of the agricultural assets transfer  
21 agreement. The authority may approve an application and issue  
22 a tax credit certificate to a taxpayer who has previously been  
23 allowed a tax credit under this section. The authority may  
24 require that the parties to an agricultural assets transfer  
25 agreement provide additional information as determined relevant  
26 by the authority. The authority shall review an application  
27 for a tax credit which includes the renewal of an agricultural  
28 assets transfer agreement to determine that the parties to the  
29 renewed agreement meet the same qualifications as required for  
30 an original application. The authority shall not approve an  
31 application or issue a tax credit certificate to a taxpayer for  
32 an amount in excess of fifty thousand dollars. In addition,  
33 the authority shall not approve an application or issue a  
34 certificate to a taxpayer if any of the following applies:

35     Sec. 11. Section 175.38, subsection 10, unnumbered

1 paragraph 1, Code 2014, is amended to read as follows:

2 A taxpayer shall not claim a custom farming contract tax  
3 credit unless a tax credit certificate issued by the authority  
4 under this section is ~~attached to~~ included with the taxpayer's  
5 tax return for the tax year for which the tax credit is  
6 claimed. The authority must review and approve an application  
7 for a tax credit certificate as provided by rules adopted  
8 by the authority. The application must include a copy of  
9 the custom farming contract. The authority may approve an  
10 application and issue a tax credit certificate to a taxpayer  
11 who has previously been allowed a tax credit under this  
12 section. The authority may require that the parties to the  
13 contract provide additional information as determined relevant  
14 by the authority. The authority shall review an application  
15 for a tax credit certificate which includes the renewal of a  
16 contract to determine that the parties to the renewed contract  
17 meet the same qualifications as required for an original  
18 application. The authority shall not approve an application or  
19 issue a tax credit certificate to a taxpayer for an amount in  
20 excess of fifty thousand dollars. In addition, the authority  
21 shall not approve an application or issue a tax credit  
22 certificate to a taxpayer if any of the following applies:

23 Sec. 12. Section 404A.1, subsection 1, paragraph a, Code  
24 2014, is amended to read as follows:

25 a. A historic preservation and cultural and entertainment  
26 district tax credit, subject to the availability of the credit,  
27 is granted against the ~~tax~~ taxes imposed under chapter 422,  
28 ~~division~~ divisions II, III, ~~or~~ and V, ~~or~~ and chapter 432, for  
29 the substantial rehabilitation of eligible property located in  
30 this state as provided in this chapter.

31 Sec. 13. Section 404A.4, subsection 2, unnumbered paragraph  
32 1, Code 2014, is amended to read as follows:

33 After verifying the eligibility for the tax credit, the  
34 state historic preservation office shall issue a historic  
35 preservation and cultural and entertainment district tax credit

1 certificate to be ~~attached to~~ included with the person's  
2 tax return. The tax credit certificate shall contain the  
3 taxpayer's name, address, tax identification number, the date  
4 of project completion, the amount of credit, other information  
5 required by the department of revenue, and a place for the name  
6 and tax identification number of a transferee and the amount of  
7 the tax credit being transferred. Of the amount of tax credits  
8 that may be approved in a fiscal year pursuant to subsection  
9 4, paragraph "a":

10 Sec. 14. Section 422.11S, subsection 7, paragraph a, Code  
11 2014, is amended to read as follows:

12 a. In order for the taxpayer to claim the school tuition  
13 organization tax credit under subsection 1, a tax credit  
14 certificate issued by the school tuition organization to which  
15 the contribution was made shall be ~~attached to~~ included with  
16 the person's tax return. The tax credit certificate shall  
17 contain the taxpayer's name, address, tax identification  
18 number, the amount of the contribution, the amount of the  
19 credit, and other information required by the department.

20 Sec. 15. Section 437A.17B, Code 2014, is amended to read as  
21 follows:

22 **437A.17B Reimbursement for renewable energy.**

23 A person in possession of a wind energy tax credit  
24 certificate issued pursuant to chapter 476B or a renewable  
25 energy tax credit certificate issued pursuant to chapter 476C  
26 may apply to the director for a reimbursement of the amount of  
27 taxes imposed and paid by the person pursuant to this chapter  
28 in an amount not more than the person received in wind energy  
29 tax credit certificates pursuant to chapter 476B or renewable  
30 energy tax credit certificates pursuant to chapter 476C. To  
31 obtain the reimbursement, the person shall ~~attach to~~ include  
32 with the return required under section 437A.8 the wind energy  
33 tax credit certificates issued to the person pursuant to  
34 chapter 476B, or the renewable energy tax credit certificates  
35 issued to the person pursuant to chapter 476C, and provide any

1 other information the director may require. The director shall  
2 direct a warrant to be issued to the person for an amount equal  
3 to the tax imposed and paid by the person pursuant to this  
4 chapter but for not more than the amount of the wind energy tax  
5 credit certificates or renewable energy tax credit certificates  
6 ~~attached to~~ included with the return.

7 Sec. 16. Section 476B.6, subsection 8, Code 2014, is amended  
8 to read as follows:

9 8. A tax credit certificate shall not be used or ~~attached~~  
10 ~~to~~ included with a return filed for a taxable year beginning  
11 prior to July 1, 2006.

12 Sec. 17. Section 476B.8, Code 2014, is amended to read as  
13 follows:

14 **476B.8 Use of tax credit certificates.**

15 To claim a wind energy production tax credit under this  
16 chapter, a taxpayer must ~~attach~~ include one or more tax credit  
17 certificates ~~to~~ with the taxpayer's tax return, or if used  
18 against taxes imposed under chapter 423, the taxpayer shall  
19 comply with section 423.4, subsection 4, or if used against  
20 taxes imposed under chapter 437A, the taxpayer shall comply  
21 with section 437A.17B. A tax credit certificate shall not  
22 be used or ~~attached to~~ included with a return filed for a  
23 taxable year beginning prior to July 1, 2006. The tax credit  
24 certificate or certificates ~~attached to~~ included with the  
25 taxpayer's tax return shall be issued in the taxpayer's name,  
26 expire on or after the last day of the taxable year for which  
27 the taxpayer is claiming the tax credit, and show a tax credit  
28 amount equal to or greater than the tax credit claimed on  
29 the taxpayer's tax return. Any tax credit in excess of the  
30 taxpayer's tax liability for the taxable year may be credited  
31 to the taxpayer's tax liability for the following seven taxable  
32 years or until depleted, whichever is the earlier. If the tax  
33 credit is applied against the taxes imposed under chapter 423  
34 or 437A, any credit in excess of the taxpayer's tax liability  
35 is carried over and can be filed with the refund claim for

1 the following seven tax years or until depleted, whichever is  
2 earlier. However, the certificate shall not be used to reduce  
3 tax liability for a tax period ending after the expiration date  
4 of the certificate.

5 Sec. 18. Section 476C.6, subsection 2, Code 2014, is amended  
6 to read as follows:

7 2. To claim a renewable energy tax credit under this  
8 chapter, a taxpayer must ~~attach~~ include one or more tax credit  
9 certificates ~~to~~ with the taxpayer's tax return, or if used  
10 against taxes imposed under chapter 423, the taxpayer shall  
11 comply with section 423.4, subsection 4, or if used against  
12 taxes imposed under chapter 437A, the taxpayer shall comply  
13 with section 437A.17B. A tax credit certificate shall not  
14 be used or ~~attached to~~ included with a return filed for a  
15 taxable year beginning prior to July 1, 2006. The tax credit  
16 certificate or certificates ~~attached to~~ included with the  
17 taxpayer's tax return shall be issued in the taxpayer's name,  
18 expire on or after the last day of the taxable year for which  
19 the taxpayer is claiming the tax credit, and show a tax credit  
20 amount equal to or greater than the tax credit claimed on  
21 the taxpayer's tax return. Any tax credit in excess of the  
22 taxpayer's tax liability for the taxable year may be credited  
23 to the taxpayer's tax liability for the following seven tax  
24 years or until the credit is depleted, whichever is earlier.  
25 If the tax credit is applied against the taxes imposed under  
26 chapter 423 or 437A, any credit in excess of the taxpayer's  
27 tax liability is carried over and can be filed with the refund  
28 claim for the following seven tax years or until depleted,  
29 whichever is earlier. However, the certificate shall not be  
30 used to reduce tax liability for a tax period ending after the  
31 expiration date of the certificate.

32 DIVISION III

33 INCOME TAXES

34 Sec. 19. Section 422.7, subsection 2, paragraph i, Code  
35 2014, is amended by striking the paragraph.

1     Sec. 20. Section 422.13, Code 2014, is amended to read as  
2 follows:

3     **422.13 Return by individual.**

4     1. ~~Except as provided in subsection 2, a~~ A resident or  
5 nonresident of this state shall make a return, signed in  
6 accordance with forms and rules prescribed by the director, if  
7 any of the following are applicable:

8     ~~a. The individual has net income of more than nine thousand~~  
9 ~~dollars for the tax year from sources taxable under this~~  
10 ~~division.~~

11     ~~b. a.~~ The individual is claimed as a dependent on another  
12 person's return and has net income of five thousand dollars or  
13 more for the tax year from sources taxable under this division.

14     ~~c. b.~~ However, if that part of the The net income of a  
15 nonresident which is allocated to Iowa pursuant to section  
16 422.8, subsection 2, is ~~less than~~ one thousand dollars the  
17 ~~nonresident is not required to make and sign a return except~~  
18 ~~when the~~ or more for the tax year from sources taxable under  
19 this division, unless the nonresident's total net income,  
20 as determined under section 422.5, subsection 3 or 3B, does  
21 not exceed the appropriate dollar amount listed in section  
22 422.5, subsection 3 or 3B, upon which tax is not imposed. The  
23 portion of a lump sum distribution that is allocable to Iowa  
24 is included in net income for purposes of determining if the  
25 nonresident's net income allocable to Iowa is one thousand  
26 dollars or more.

27     c. A nonresident is subject to the state alternative minimum  
28 tax imposed pursuant to section 422.5, subsection 2.

29     2. ~~d.~~ Notwithstanding any other provision in this section,  
30 The total net income, as determined under section 422.5,  
31 subsection 3 or 3B, of a resident or nonresident of this state  
32 is not required to make and file a return if the person's net  
33 income is equal to or less more than the appropriate dollar  
34 amount listed in section 422.5, subsection 3 or 3B, upon  
35 which tax is not imposed. ~~A nonresident of this state is~~

~~1 not required to make and file a return if the person's total  
2 net income in section 422.5, subsection 1, paragraph "j", is  
3 equal to or less than the appropriate dollar amount provided  
4 in section 422.5, subsection 3, upon which tax is not imposed.  
5 For purposes of this subsection, the amount of a lump sum  
6 distribution subject to separate federal tax shall be included  
7 in net income for purposes of determining if a resident is  
8 required to file a return and the portion of the lump sum  
9 distribution that is allocable to Iowa is included in total net  
10 income for purposes of determining if a nonresident is required  
11 to make and file a return.~~

12 ~~3.~~ 2. For purposes of determining the requirement for  
13 filing a return under subsection 1, the combined net income of  
14 a husband and wife from sources taxable under this division  
15 shall be considered.

16 ~~4.~~ 3. If the taxpayer is unable to make the return,  
17 the return shall be made by a duly authorized agent or by a  
18 guardian or other person charged with the care of the person or  
19 property of the taxpayer.

20 ~~5.~~ 4. A nonresident taxpayer shall file a copy of the  
21 taxpayer's federal income tax return for the current tax year  
22 with the return required by this section.

23 ~~6.~~ 5. *a.* Notwithstanding subsections 1 through 5 4  
24 and sections 422.15 and 422.36, a partnership, a limited  
25 liability company whose members are taxed on the company's  
26 income under provisions of the Internal Revenue Code, trust, or  
27 corporation whose stockholders are taxed on the corporation's  
28 income under the provisions of the Internal Revenue Code may,  
29 not later than the due date for filing its return for the  
30 taxable year, including any extension thereof, elect to file  
31 a composite return for the nonresident partners, members,  
32 beneficiaries, or shareholders. Nonresident trusts or estates  
33 which are partners, members, beneficiaries, or shareholders  
34 in partnerships, limited liability companies, trusts, or S  
35 corporations may also be included on a composite return. The

1 director may require that a composite return be filed under the  
2 conditions deemed appropriate by the director. A partnership,  
3 limited liability company, trust, or corporation filing a  
4 composite return is liable for tax required to be shown due on  
5 the return.

6 *b.* Notwithstanding subsections 1 through 5 4 and sections  
7 422.15 and 422.36, if the director determines that it is  
8 necessary for the efficient administration of this chapter,  
9 the director may require that a composite return be filed  
10 for nonresidents other than nonresident partners, members,  
11 beneficiaries or shareholders in partnerships, limited  
12 liability companies, trusts, or S corporations.

13 *c.* All powers of the director and requirements of the  
14 director apply to returns filed under this subsection including  
15 but not limited to the provisions of this division and division  
16 VI of this chapter.

17 Sec. 21. RETROACTIVE APPLICABILITY. This division of this  
18 Act applies retroactively to January 1, 2014, for tax years  
19 beginning on or after that date.

20 DIVISION IV

21 SALES AND USE TAXES

22 Sec. 22. Section 423.3, subsection 18, paragraph e, Code  
23 2014, is amended to read as follows:

24 *e.* ~~Community health~~ Health centers as defined in ~~42 U.S.C.~~  
25 ~~§ 254c~~ and ~~migrant health centers as defined in 42 U.S.C.~~  
26 §254b.

27 DIVISION V

28 HOTEL AND MOTEL TAXES

29 Sec. 23. Section 423A.6, Code 2014, is amended to read as  
30 follows:

31 **423A.6 Administration by director.**

32 1. The director of revenue shall administer the state and  
33 local hotel and motel tax as nearly as possible in conjunction  
34 with the administration of the state sales tax law, except  
35 that portion of the law which implements the streamlined sales

1 and use tax agreement. The director shall provide appropriate  
2 forms, or provide on the regular state tax forms, for reporting  
3 state and local hotel and motel tax liability. All moneys  
4 received or refunded one hundred eighty days after the date on  
5 which a city or county terminates its local hotel and motel  
6 tax and all moneys received from the state hotel and motel tax  
7 shall be deposited in or withdrawn from the general fund of the  
8 state. Beginning

9 2. If a reinvestment district is established under chapter  
10 15J, beginning the first day of the calendar quarter beginning  
11 on the reinvestment district's commencement date, the director  
12 of revenue shall, subject to remittance limitations established  
13 by the economic development authority board pursuant to section  
14 15J.4, subsection 3, transfer from the general fund of the  
15 state to a district account created in the state reinvestment  
16 district fund for each reinvestment district established  
17 under chapter 15J, the new state hotel and motel tax revenue,  
18 determined in section 15J.5, subsection 2, paragraph "b", in  
19 the district. Such transfers shall cease pursuant to section  
20 15J.8.

21 ~~2.~~ 3. The director, in consultation with local officials,  
22 shall collect and account for a local hotel and motel tax and  
23 shall credit all revenues to the local transient guest tax fund  
24 created in section 423A.7. Local authorities shall not require  
25 any tax permit not required by the director of revenue.

26 ~~3.~~ 4. Section 422.25, subsection 4, sections 422.30,  
27 422.67, and 422.68, section 422.69, subsection 1, sections  
28 422.70, 422.71, 422.72, 422.74, and 422.75, section 423.14,  
29 subsection 1, and sections 423.23, 423.24, 423.25, 423.31,  
30 423.33, 423.35, 423.37 through 423.42, and 423.47, consistent  
31 with the provisions of this chapter, apply with respect to  
32 the taxes authorized under this chapter, in the same manner  
33 and with the same effect as if the state and local hotel and  
34 motel taxes were retail sales taxes within the meaning of  
35 those statutes. Notwithstanding this subsection, the director

1 shall provide for quarterly filing of returns and for other  
2 than quarterly filing of returns both as prescribed in section  
3 423.31. The director may require all persons who are engaged  
4 in the business of deriving any sales price subject to tax  
5 under this chapter to register with the department. All taxes  
6 collected under this chapter by a retailer or any individual  
7 are deemed to be held in trust for the state of Iowa and the  
8 local jurisdictions imposing the taxes.

9 DIVISION VI

10 EQUIPMENT TAXES

11 Sec. 24. Section 423D.3, Code 2014, is amended to read as  
12 follows:

13 **423D.3 Exemption.**

14 The sales price on the lease or rental of equipment to  
15 contractors for direct and primary use in construction is  
16 exempt from the tax imposed by this chapter. ~~The sales price~~  
17 ~~from transactions exempt from state sales tax under section~~  
18 ~~423.3 is also exempt from the tax imposed by this chapter.~~

19 Sec. 25. EFFECTIVE UPON ENACTMENT. This division of this  
20 Act, being deemed of immediate importance, takes effect upon  
21 enactment.

22 Sec. 26. RETROACTIVE APPLICABILITY. This division of this  
23 Act applies retroactively to July 1, 2008, for all sales or  
24 uses of equipment on or after that date.

25 EXPLANATION

26 The inclusion of this explanation does not constitute agreement with  
27 the explanation's substance by the members of the general assembly.

28 This bill relates to the technical administration of the tax  
29 and related laws by the department of revenue.

30 DIVISION I — MISCELLANEOUS ADMINISTRATIVE CHANGES.

31 Division I gives the director of revenue the power and duty to  
32 adopt rules ensuring that the total amount of transfers by the  
33 department of revenue to local governments or other entities  
34 with respect to flood mitigation program projects, local option  
35 tax urban renewal projects, and Iowa reinvestment Act projects

1 does not exceed the amount of applicable taxes collected during  
2 the same fiscal year within the geographic boundaries of those  
3 governmental entities, urban renewal areas, and reinvestment  
4 districts.

5 The division also amends the property assessment appeal  
6 board's authority to provide for the filing of a notice of  
7 appeal and petition by electronic means by striking language  
8 referencing that such authority applies to the assessment year  
9 beginning January 1, 2014.

10 DIVISION II — TAX CREDITS AND REFUNDS. Division II relates  
11 to the administration of certain tax credits and refunds.

12 The division amends language relating to tax credits or  
13 refunds that are issued as tax credit certificates to require  
14 that in order to claim such tax credits or refunds, the  
15 certificate must be included with a tax return rather than  
16 attached to a tax return.

17 DIVISION III — INCOME TAXES. Division III relates to  
18 individual and corporate income taxes.

19 The division removes alcoholic beverage control bonds  
20 from the list in Code section 422.7 of bonds exempt from the  
21 individual income tax. The authority to issue the bonds and  
22 claim the corresponding tax exemption was repealed by 2011 Iowa  
23 Acts, chapter 17 (House File 617).

24 The division amends the requirements in Code section 422.13  
25 for making and filing an individual income tax return by  
26 specifying that a resident or nonresident must file a return  
27 if net income exceeds the appropriate dollar amount in Code  
28 section 422.5, subsection 3 or subsection 3B. Code section  
29 422.5, subsections 3 and 3B, respectively, relate to the net  
30 income amounts upon which the individual income tax is not  
31 imposed for all taxpayers and for taxpayers who are 65 years  
32 of age or older. The division also makes other changes in Code  
33 section 422.13 in order to reorganize the Code section.

34 The division applies retroactively to January 1, 2014, for  
35 tax years beginning on or after that date.

1     DIVISION IV — SALES AND USE TAXES. Division IV amends  
2 the sales and use tax exemption for sales to community health  
3 centers and migrant health centers to reflect the current name  
4 of those centers under federal law.

5     DIVISION V — HOTEL AND MOTEL TAXES. Division V relates to  
6 the hotel and motel tax by reorganizing and renumbering the  
7 Code section relating to the administration of the tax and the  
8 transfer of tax revenues under the Iowa reinvestment Act in  
9 Code chapter 15J.

10    DIVISION VI — EQUIPMENT TAXES. Division VI relates to  
11 the equipment tax in Code chapter 423D by striking language  
12 that exempts from the equipment tax the sales price from  
13 transactions exempt from the state sales tax under Code section  
14 423.3.

15    The division takes effect upon enactment and applies  
16 retroactively to July 1, 2008, for all sales or uses of  
17 equipment on or after that date.