

Senate File 182 - Introduced

SENATE FILE 182

BY ZAUN

A BILL FOR

1 An Act relating to state taxes by eliminating the individual
2 income tax, increasing the sales and use tax rates, making
3 conforming changes, and including effective date and
4 applicability provisions.

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

DIVISION I

REPEAL OF THE INDIVIDUAL INCOME TAX

1
2
3 Section 1. Section 8.57E, subsection 2, Code 2019, is
4 amended to read as follows:

5 2. Moneys in the taxpayer relief fund shall only be used
6 pursuant to appropriations or transfers made by the general
7 assembly for tax relief, ~~including but not limited to increases~~
8 ~~in the general retirement income exclusion under section 422.7,~~
9 ~~subsection 31, or reductions in income tax rates.~~

10 Sec. 2. Section 12D.9, subsection 2, Code 2019, is amended
11 by striking the subsection.

12 Sec. 3. Section 12I.8, subsection 2, Code 2019, is amended
13 by striking the subsection.

14 Sec. 4. Section 12I.10, subsection 2, Code 2019, is amended
15 by striking the subsection.

16 Sec. 5. Section 15.293A, subsection 1, paragraph a, Code
17 2019, is amended to read as follows:

18 a. A redevelopment tax credit shall be allowed against
19 the taxes imposed in [chapter 422, divisions II, III, and V](#),
20 and in [chapter 432](#), and against the moneys and credits tax
21 imposed in [section 533.329](#), for a portion of a taxpayer's
22 equity investment, as provided in [subsection 3](#), in a qualifying
23 redevelopment project.

24 Sec. 6. Section 15.293A, subsection 1, paragraph b, Code
25 2019, is amended by striking the paragraph.

26 Sec. 7. Section 15.293A, subsection 2, paragraphs c and f,
27 Code 2019, are amended to read as follows:

28 c. The tax credit certificate, unless rescinded by the
29 authority, shall be accepted by the department of revenue as
30 payment for taxes imposed pursuant to [chapter 422, divisions](#)
31 [II, III, and V](#), and in [chapter 432](#), and for the moneys and
32 credits tax imposed in [section 533.329](#), subject to any
33 conditions or restrictions placed by the authority upon
34 the face of the tax credit certificate and subject to the
35 limitations of [this section](#).

1 *f.* A tax credit shall not be claimed by a transferee
2 under [this section](#) until a replacement tax credit certificate
3 identifying the transferee as the proper holder has been
4 issued. The transferee may use the amount of the tax credit
5 transferred against the taxes imposed in chapter 422, divisions
6 ~~II~~, ~~III~~, and V, and in [chapter 432](#), and against the moneys and
7 credits tax imposed in [section 533.329](#), for any tax year the
8 original transferor could have claimed the tax credit. Any
9 consideration received for the transfer of the tax credit shall
10 not be included as income under chapter 422, divisions ~~II~~, ~~III~~,
11 and V. Any consideration paid for the transfer of the tax
12 credit shall not be deducted from income under chapter 422,
13 divisions ~~II~~, ~~III~~, and V.

14 Sec. 8. Section 15.293A, subsection 4, Code 2019, is amended
15 to read as follows:

16 4. For purposes of ~~individual and~~ corporate income taxes and
17 the franchise tax, the increase in the basis of the redeveloped
18 property that would otherwise result from the qualified
19 redevelopment costs shall be reduced by the amount of the
20 credit computed under this part.

21 Sec. 9. Section 15.319, subsection 2, Code 2019, is amended
22 to read as follows:

23 2. The tax credit shall be allowed against taxes imposed
24 under [chapter 422, division ~~II~~ or \[III\]\(#\)](#).

25 Sec. 10. Section 15.319, subsection 4, Code 2019, is amended
26 by striking the subsection.

27 Sec. 11. Section 15.319, subsection 6, paragraph c, Code
28 2019, is amended to read as follows:

29 *c.* The tax credit certificate, unless rescinded by the
30 authority, shall be accepted by the department of revenue as
31 payment for taxes imposed pursuant to chapter 422, ~~divisions~~
32 ~~II and~~ [division III](#), subject to any conditions or restrictions
33 placed by the authority upon the face of the tax credit
34 certificate and subject to the limitations of the program.

35 Sec. 12. Section 15.333, subsection 2, Code 2019, is amended

1 to read as follows:

2 2. An eligible business may claim a tax credit equal to a
3 percentage of the new investment directly related to new jobs
4 created or retained by the project. The tax credit shall be
5 amortized equally over five calendar years. The tax credit
6 shall be allowed against taxes imposed under chapter 422,
7 division ~~II~~, ~~III~~, or V, and against the moneys and credits tax
8 imposed in [section 533.329](#). ~~If the business is a partnership,~~
9 ~~S corporation, limited liability company, cooperative organized~~
10 ~~under [chapter 501](#) and filing as a partnership for federal tax~~
11 ~~purposes, or estate or trust electing to have the income taxed~~
12 ~~directly to the individual, an individual may claim the tax~~
13 ~~credit allowed. The amount claimed by the individual shall~~
14 ~~be based upon the pro rata share of the individual's earnings~~
15 ~~of the partnership, S corporation, limited liability company,~~
16 ~~cooperative organized under [chapter 501](#) and filing as a~~
17 ~~partnership for federal tax purposes, or estate or trust. The~~
18 percentage shall be determined as provided in [section 15.335A](#).
19 Any tax credit in excess of the tax liability for the tax year
20 may be credited to the tax liability for the following seven
21 years or until depleted, whichever occurs first.

22 Sec. 13. Section 15.335, subsection 5, Code 2019, is amended
23 to read as follows:

24 5. The credit allowed in [this section](#) is in addition to
25 the credit authorized in ~~section 422.10~~ and section 422.33,
26 subsection 5. However, if the alternative credit computation
27 method is used in ~~section 422.10~~ or section 422.33, subsection
28 5, the credit allowed in [this section](#) shall also be computed
29 using that method.

30 Sec. 14. Section 15.335, subsection 6, Code 2019, is amended
31 by striking the subsection.

32 Sec. 15. Section 15.355, subsection 3, paragraph b, Code
33 2019, is amended to read as follows:

34 *b.* The tax credit shall be allowed against the taxes imposed
35 in [chapter 422, divisions ~~II~~, ~~III~~, and V](#), and in [chapter 432](#),

1 and against the moneys and credits tax imposed in section
2 533.329.

3 Sec. 16. Section 15.355, subsection 3, paragraph c, Code
4 2019, is amended by striking the paragraph.

5 Sec. 17. Section 15.355, subsection 3, paragraph e,
6 subparagraphs (3) and (6), Code 2019, are amended to read as
7 follows:

8 (3) The tax credit certificate, unless rescinded by the
9 authority, shall be accepted by the department of revenue as
10 payment for taxes imposed pursuant to chapter 422, divisions
11 ~~II~~, ~~III~~, and V, and in [chapter 432](#), and for the moneys and
12 credits tax imposed in [section 533.329](#), subject to any
13 conditions or restrictions placed by the authority upon
14 the face of the tax credit certificate and subject to the
15 limitations of this program.

16 (6) A tax credit shall not be claimed by a transferee
17 under [this section](#) until a replacement tax credit certificate
18 identifying the transferee as the proper holder has been
19 issued. The transferee may use the amount of the tax credit
20 transferred against the taxes imposed in chapter 422, divisions
21 ~~II~~, ~~III~~, and V, and in [chapter 432](#), and against the moneys and
22 credits tax imposed in [section 533.329](#), 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. 18. Section 15.355, subsection 3, paragraph f, Code
30 2019, is amended to read as follows:

31 *f.* For purposes of the ~~individual and~~ corporate income
32 taxes and the franchise tax, the increase in the basis of the
33 property that would otherwise result from the qualifying new
34 investment shall be reduced by the amount of the tax credit
35 computed under [this subsection](#).

1 Sec. 19. Section 15A.7, subsection 1, Code 2019, is amended
2 to read as follows:

3 1. That the project shall be administered in the same
4 manner as a project under [chapter 260E](#) and that a supplemental
5 new jobs credit from withholding in an amount equal to one
6 and one-half percent of the gross wages paid by the employer
7 pursuant to [section 422.16](#), Code 2019, is authorized to fund
8 the program services for the additional project.

9 Sec. 20. Section 15E.43, subsection 1, Code 2019, is amended
10 to read as follows:

11 1. *a.* For tax years beginning on or after January 1, 2015,
12 a tax credit shall be allowed against the taxes imposed in
13 chapter 422, divisions ~~II~~, ~~III~~, and V, and in [chapter 432](#), and
14 against the moneys and credits tax imposed in [section 533.329](#),
15 for a portion of a taxpayer's equity investment, as provided in
16 subsection 2, in a qualifying business.

17 ~~*b.* An individual may claim a tax credit under this section~~
18 ~~of a partnership, limited liability company, S corporation,~~
19 ~~estate, or trust electing to have income taxed directly to~~
20 ~~the individual. The amount claimed by the individual shall~~
21 ~~be based upon the pro rata share of the individual's earnings~~
22 ~~from the partnership, limited liability company, S corporation,~~
23 ~~estate, or trust.~~

24 ~~*c.*~~ *b.* A tax credit shall be allowed only for an investment
25 made in the form of cash to purchase equity in a qualifying
26 business.

27 ~~*d.*~~ *c.* ~~For a tax credit claimed against the taxes imposed~~
28 ~~in [chapter 422](#), [division II](#), any tax credit in excess of the~~
29 ~~tax liability is refundable. In lieu of claiming a refund,~~
30 ~~the taxpayer may elect to have the overpayment shown on~~
31 ~~the taxpayer's final, completed return credited to the tax~~
32 ~~liability for the following tax year. For a tax credit claimed~~
33 ~~against the taxes imposed in chapter 422, divisions ~~III~~ and~~
34 ~~V, and in [chapter 432](#), and against the moneys and credits tax~~
35 ~~imposed in [section 533.329](#), any Any tax credit in excess of the~~

1 taxpayer's liability for the tax year may be credited to the
2 tax liability for the following three years or until depleted,
3 whichever is earlier. A tax credit shall not be carried back
4 to a tax year prior to the tax year in which the taxpayer
5 redeems the tax credit.

6 Sec. 21. Section 15E.43, subsection 2, paragraph b, Code
7 2019, is amended by striking the paragraph.

8 Sec. 22. Section 15E.44, subsection 4, Code 2019, is amended
9 to read as follows:

10 4. After verifying the eligibility of a qualifying
11 business, the authority shall issue a tax credit certificate
12 to be included with the equity investor's tax return. The tax
13 credit certificate shall contain the taxpayer's name, address,
14 tax identification number, the amount of credit, the name of
15 the qualifying business, and other information required by the
16 department of revenue. The tax credit certificate, unless
17 rescinded by the authority, shall be accepted by the department
18 of revenue as payment for taxes imposed pursuant to chapter
19 422, divisions ~~II~~, ~~III~~, and V, and in [chapter 432](#), and for the
20 moneys and credits tax imposed in [section 533.329](#), subject to
21 any conditions or restrictions placed by the authority upon
22 the face of the tax credit certificate and subject to the
23 limitations of [section 15E.43](#).

24 Sec. 23. Section 15E.52, subsection 2, paragraph a, Code
25 2019, is amended to read as follows:

26 ~~a~~. A tax credit shall be allowed against the taxes imposed
27 in [chapter 422](#), divisions ~~II~~, ~~III~~, and V, and in [chapter 432](#),
28 and against the moneys and credits tax imposed in section
29 533.329, for a portion of a taxpayer's equity investment in the
30 form of cash in an innovation fund.

31 Sec. 24. Section 15E.52, subsection 2, paragraph b, Code
32 2019, is amended by striking the paragraph.

33 Sec. 25. Section 15E.52, subsection 13, Code 2019, is
34 amended to read as follows:

35 13. The transferee may use the amount of the tax credit

1 transferred against the taxes imposed in chapter 422, divisions
2 ~~II~~, ~~III~~, and V, and in [chapter 432](#), and against the moneys and
3 credits tax imposed in [section 533.329](#), for any tax year the
4 original transferor could have claimed the tax credit. Any
5 consideration received for the transfer of the tax credit shall
6 not be included as income under chapter 422, divisions ~~II~~, ~~III~~,
7 and V. Any consideration paid for the transfer of the tax
8 credit shall not be deducted from income under chapter 422,
9 divisions ~~II~~, ~~III~~, and V.

10 Sec. 26. Section 15E.62, subsection 8, Code 2019, is amended
11 to read as follows:

12 8. "*Tax credit*" means a contingent tax credit issued
13 pursuant to [section 15E.66](#) that is available against tax
14 liabilities imposed by chapter 422, divisions ~~II~~, ~~III~~, and
15 V, and by [chapter 432](#) and against the moneys and credits tax
16 imposed by [section 533.329](#).

17 Sec. 27. Section 15E.66, subsection 1, Code 2019, is amended
18 to read as follows:

19 1. The board may issue certificates and related tax credits
20 to designated investors which, if redeemed for the maximum
21 possible amount, shall not exceed a total aggregate of sixty
22 million dollars of tax credits. The certificates shall be
23 issued contemporaneously with a commitment to invest in the
24 Iowa fund of funds by a designated investor. A certificate
25 issued by the board shall have a specific maturity date or
26 dates designated by the board and shall be redeemable only in
27 accordance with the contingencies reflected on the certificate
28 or incorporated therein by reference. A certificate and the
29 related tax credit shall be transferable by the designated
30 investor. A tax credit shall not be claimed or redeemed except
31 by a designated investor or transferee in accordance with the
32 terms of a certificate from the board. A tax credit shall not
33 be claimed for a tax year that begins earlier than the maturity
34 date or dates stated on the certificate. ~~An individual may~~
35 ~~claim the credit of a partnership, limited liability company,~~

1 ~~S corporation, estate, or trust electing to have the income~~
2 ~~taxed directly to the individual. The amount claimed by the~~
3 ~~individual shall be based upon the pro rata share of the~~
4 ~~individual's earnings from the partnership, limited liability~~
5 ~~company, S corporation, estate, or trust. Any tax credit in~~
6 ~~excess of the taxpayer's tax liability for the tax year may be~~
7 ~~credited to the tax liability for the following seven years, or~~
8 ~~until depleted, whichever is earlier.~~

9 Sec. 28. Section 15E.305, subsection 1, Code 2019, is
10 amended to read as follows:

11 1. For tax years beginning on or after January 1, 2003,
12 a tax credit shall be allowed against the taxes imposed in
13 chapter 422, divisions II, III, and V, and in [chapter 432](#), and
14 against the moneys and credits tax imposed in [section 533.329](#)
15 equal to twenty-five percent of a taxpayer's endowment gift to
16 an endow Iowa qualified community foundation. ~~An individual~~
17 ~~may claim a tax credit under [this section](#) of a partnership,~~
18 ~~limited liability company, S corporation, estate, or trust~~
19 ~~electing to have income taxed directly to the individual. The~~
20 ~~amount claimed by the individual shall be based upon the pro~~
21 ~~rata share of the individual's earnings from the partnership,~~
22 ~~limited liability company, S corporation, estate, or trust. A~~
23 tax credit shall be allowed only for an endowment gift made to
24 an endow Iowa qualified community foundation for a permanent
25 endowment fund established to benefit a charitable cause in
26 this state. The amount of the endowment gift for which the
27 tax credit is claimed shall not be deductible in determining
28 taxable income for state income tax purposes. Any tax credit
29 in excess of the taxpayer's tax liability for the tax year may
30 be credited to the tax liability for the following five years
31 or until depleted, whichever occurs first. A tax credit shall
32 not be carried back to a tax year prior to the tax year in which
33 the taxpayer claims the tax credit.

34 Sec. 29. Section 16.64, subsection 2, Code 2019, is amended
35 to read as follows:

1 2. Bonds and notes issued by the authority for purposes of
2 financing the beginning farmer loan program provided in section
3 16.75 are exempt from taxation by the state, and interest
4 earned on the bonds and notes is deductible in determining
5 net income for purposes of the state ~~individual and~~ corporate
6 income tax under ~~divisions II and~~ division III of chapter 422.

7 Sec. 30. Section 16.80, subsection 1, Code 2019, is amended
8 to read as follows:

9 1. An agricultural assets transfer tax credit is allowed
10 under this section. The tax credit is allowed against the
11 taxes imposed in ~~chapter 422, division II, as provided in~~
12 section 422.11M, and in chapter 422, division III, as provided
13 in section 422.33, to facilitate the transfer of agricultural
14 assets from a taxpayer to a beginning farmer.

15 Sec. 31. Section 16.80, subsection 3, Code 2019, is amended
16 by striking the subsection.

17 Sec. 32. Section 16.80, subsection 7, Code 2019, is amended
18 to read as follows:

19 7. A tax credit in excess of the taxpayer's liability
20 for the tax year may be credited to the tax liability for
21 the following ten tax years or until depleted, whichever is
22 earlier. A tax credit shall not be carried back to a tax year
23 prior to the tax year in which the taxpayer redeems the tax
24 credit. ~~A tax credit shall not be transferable to any other~~
25 ~~person other than the taxpayer's estate or trust upon the~~
26 ~~taxpayer's death.~~

27 Sec. 33. Section 28A.24, Code 2019, is amended to read as
28 follows:

29 **28A.24 Exemption from taxation.**

30 Since an authority is performing essential governmental
31 functions, an authority is not required to pay any taxes or
32 assessments of any kind or nature upon any property required
33 or used by it for its purposes, or any rates, fees, rentals,
34 receipts, or incomes at any time received by it, and the
35 bonds issued by an authority, their transfer, and the income,

1 including any profits made on the sale of the bonds, is
2 deductible in determining net income for the purposes of the
3 state ~~individual and~~ corporate income tax under chapter 422,
4 ~~divisions II and~~ division III, and shall not be taxed by any
5 political subdivision of this state.

6 Sec. 34. Section 29C.24, subsection 3, paragraph a,
7 subparagraph (3), Code 2019, is amended to read as follows:

8 (3) The imposition of income taxes under chapter 422,
9 ~~divisions II and~~ division III, including the requirement to
10 file tax returns under ~~sections 422.13 through 422.15 or~~
11 ~~section 422.36, as applicable, and including the requirement~~
12 ~~to withhold and remit income tax from out-of-state employees~~
13 ~~under section 422.16.~~ In addition, the performance of disaster
14 or emergency-related work during a disaster response period
15 by an out-of-state business or out-of-state employee shall
16 not require an out-of-state business to be included in a
17 consolidated return under section 422.37, and shall not
18 increase the amount of net income of the out-of-state business
19 allocated and apportioned to the state under ~~section 422.8 or~~
20 ~~422.33, as applicable.~~

21 Sec. 35. Section 29C.24, subsection 3, paragraph b,
22 subparagraph (2), Code 2019, is amended by striking the
23 subparagraph.

24 Sec. 36. Section 35A.13, subsection 2, paragraph b, Code
25 2019, is amended to read as follows:

26 *b.* Moneys credited to the fund pursuant to an income tax
27 checkoff provided in chapter 422, division II, Code 2019, if
28 applicable.

29 Sec. 37. Section 85.61, subsection 6, paragraph b, Code
30 2019, is amended by striking the paragraph.

31 Sec. 38. Section 96.3, subsection 4, unnumbered paragraph
32 2, Code 2019, is amended to read as follows:

33 The maximum weekly benefit amount, if not a multiple of one
34 dollar, shall be rounded to the lower multiple of one dollar.
35 However, until such time as sixty-five percent of the statewide

1 average weekly wage exceeds one hundred ninety dollars, the
2 maximum weekly benefit amounts shall be determined using the
3 statewide average weekly wage computed on the basis of wages
4 reported for calendar year 1981. As used in [this section](#)
5 ~~"dependent" means dependent as defined in section 422.12,~~
6 ~~subsection 1, paragraph "a"~~ has the same meaning as provided by
7 the Internal Revenue Code, as if the individual claimant was
8 a taxpayer, except that an individual claimant's nonworking
9 spouse shall be deemed to be a dependent under [this section](#).
10 *"Nonworking spouse"* means a spouse who does not earn more than
11 one hundred twenty dollars in gross wages in one week.

12 Sec. 39. Section 99B.8, Code 2019, is amended to read as
13 follows:

14 **99B.8 Tax on prizes.**

15 All prizes awarded pursuant to a gambling activity under
16 this chapter are Iowa earned income and are subject to state
17 and federal income tax laws. ~~A person conducting a game of~~
18 ~~skill, game of chance, bingo, or a raffle shall deduct state~~
19 ~~income taxes, pursuant to [section 422.16, subsection 1](#), from a~~
20 ~~cash prize awarded to an individual. An amount deducted from~~
21 ~~the prize for payment of a state tax shall be remitted to the~~
22 ~~department of revenue on behalf of the prize winner.~~

23 Sec. 40. Section 99D.16, Code 2019, is amended to read as
24 follows:

25 **99D.16 Withholding tax on winnings.**

26 All winnings provided in [section 99D.11](#) are Iowa earned
27 income and are subject to state and federal income tax laws.
28 ~~An amount deducted from winnings for payment of the state tax,~~
29 ~~pursuant to [section 422.16, subsection 1](#), shall be remitted to~~
30 ~~the department of revenue on behalf of the individual who won~~
31 ~~the wager.~~

32 Sec. 41. Section 99F.18, Code 2019, is amended to read as
33 follows:

34 **99F.18 Tax on winnings.**

35 All winnings derived from slot machines operated pursuant to

1 this chapter are Iowa earned income and are subject to state
2 and federal income tax laws. ~~An amount deducted from winnings~~
3 ~~for payment of the state tax, pursuant to section 422.16,~~
4 ~~subsection 1, shall be remitted to the department of revenue~~
5 ~~on behalf of the winner.~~

6 Sec. 42. Section 99G.31, subsection 2, paragraph i, Code
7 2019, is amended to read as follows:

8 *i.* The proceeds of any lottery prize shall be subject to
9 state and federal income tax laws. ~~An amount deducted from the~~
10 ~~prize for payment of a state tax, pursuant to section 422.16,~~
11 ~~subsection 1, shall be transferred by the authority to the~~
12 ~~department of revenue on behalf of the prize winner.~~

13 Sec. 43. Section 100B.13, subsection 2, paragraph a, Code
14 2019, is amended to read as follows:

15 *a.* Moneys credited to the fund pursuant to an income tax
16 checkoff provided in [chapter 422, division II, Code 2019](#), if
17 applicable.

18 Sec. 44. Section 173.22, subsection 2, Code 2019, is amended
19 to read as follows:

20 2. A foundation fund is created within the state treasury
21 composed of moneys appropriated or available to and obtained or
22 accepted by the foundation. ~~The foundation fund shall include~~
23 ~~moneys credited to the fund as provided in [section 422.12D](#).~~

24 Sec. 45. Section 190B.103, Code 2019, is amended to read as
25 follows:

26 **190B.103 From farm to food donation tax credit.**

27 A from farm to food donation tax credit is allowed against
28 the taxes imposed in chapter 422, ~~divisions II and division~~
29 III, as provided in [this chapter](#).

30 Sec. 46. Section 216B.3, subsection 15, Code 2019, is
31 amended to read as follows:

32 15. Develop a plan to provide telephone yellow pages
33 information without charge to persons declared to be blind
34 under the standards in [section 422.12, subsection 2](#), paragraph
35 "a", subparagraph (5), Code 2019. The department may apply for

1 federal funds to support the service. The program shall be
2 limited in scope by the availability of funds.

3 Sec. 47. Section 217.39, Code 2019, is amended to read as
4 follows:

5 **217.39 Persecuted victims of World War II — reparations —**
6 **heirs.**

7 Notwithstanding any other law of this state, payments paid
8 to and income from lost property of a victim of persecution for
9 racial, ethnic, or religious reasons by Nazi Germany or any
10 other Axis regime or as an heir of such victim which is exempt
11 from state income tax as provided in section 422.7, subsection
12 35, Code 2019, shall not be considered as income or an asset
13 for determining the eligibility for state or local government
14 benefit or entitlement programs. The proceeds are not subject
15 to recoupment for the receipt of governmental benefits or
16 entitlements, and liens, except liens for child support, are
17 not enforceable against these sums for any reason.

18 Sec. 48. Section 235A.2, subsection 1, Code 2019, is amended
19 to read as follows:

20 1. A child abuse prevention program fund is created in
21 the state treasury under the control of the department of
22 human services. The fund is composed of moneys appropriated
23 or available to and obtained or accepted by the treasurer of
24 state for deposit in the fund. The fund shall include moneys
25 transferred to the fund pursuant to an income tax checkoff
26 provided in [chapter 422, division II, Code 2019](#), if applicable.
27 All interest earned on moneys in the fund shall be credited to
28 and remain in the fund. [Section 8.33](#) does not apply to moneys
29 in the fund.

30 Sec. 49. Section 257.19, subsection 2, Code 2019, is amended
31 to read as follows:

32 2. Certification of a board's intent to participate for
33 a budget year, the method of funding, and the amount to be
34 raised shall be made to the department of management not later
35 than April 15 of the base year. Funding for the instructional

1 support program shall be obtained from instructional support
2 state aid and from local funding using either an instructional
3 support property tax ~~or a combination of an instructional~~
4 ~~support property tax and an instructional support income~~
5 ~~surtax.~~

6 Sec. 50. Section 257.19, subsection 3, Code 2019, is amended
7 by striking the subsection.

8 Sec. 51. Section 257.21, Code 2019, is amended to read as
9 follows:

10 **257.21 Computation of instructional support amount.**

11 ~~1.~~ The department of management shall establish the amount
12 of instructional support property tax to be levied ~~and the~~
13 ~~amount of instructional support income surtax to be imposed~~
14 by a district in accordance with the decision of the board
15 under [section 257.19](#) for each school year for which the
16 instructional support program is authorized. The department
17 of management shall determine these amounts based upon the
18 most recent figures available for the district's valuation of
19 taxable property, ~~individual state income tax paid,~~ and budget
20 enrollment in the district, and shall certify to the district's
21 county auditor the amount of instructional support property
22 tax, ~~and to the director of revenue the amount of instructional~~
23 ~~support income surtax to be imposed if an instructional support~~
24 ~~income surtax is to be imposed~~ levied.

25 ~~2.~~ ~~The instructional support income surtax shall be imposed~~
26 ~~on the state individual income tax for the calendar year during~~
27 ~~which the school's budget year begins, or for a taxpayer's~~
28 ~~fiscal year ending during the second half of that calendar year~~
29 ~~and after the date the board adopts a resolution to participate~~
30 ~~in the program or the first half of the succeeding calendar~~
31 ~~year, and shall be imposed on all individuals residing in the~~
32 ~~school district on the last day of the applicable tax year.~~
33 ~~As used in this section, "state individual income tax" means~~
34 ~~the taxes computed under [section 422.5](#), less the amounts of~~
35 ~~nonrefundable credits allowed under [chapter 422, division II.](#)~~

1 Sec. 52. Section 257.29, subsections 3 and 4, Code 2019, are
2 amended to read as follows:

3 3. The educational improvement program shall be funded
4 by ~~either an educational improvement property tax or by a~~
5 ~~combination of an educational improvement property tax and an~~
6 ~~educational improvement income surtax. The method of raising~~
7 ~~the educational improvement moneys shall be determined by the~~
8 ~~board. Subject to the limitation in [section 298.14](#), if the~~
9 ~~board uses a combination of an educational improvement property~~
10 ~~tax and an educational improvement income surtax, the board~~
11 ~~shall determine the percent of income surtax to be imposed,~~
12 ~~expressed as full percentage points, not to exceed twenty~~
13 ~~percent.~~

14 4. The department of management shall establish the amount
15 of the educational improvement property tax to be levied ~~or~~
16 ~~the amount of the combination of the educational improvement~~
17 ~~property tax to be levied and the amount of the school district~~
18 ~~income surtax to be imposed~~ for each school year that the
19 educational improvement amount is authorized. The educational
20 improvement property tax ~~and income surtax, if an income~~
21 ~~surtax is imposed, shall be levied and imposed, collected,~~
22 and paid to the school district in the manner provided for
23 the instructional support program in ~~sections~~ [section 257.21](#)
24 ~~through 257.26~~. Moneys received by a school district under the
25 educational improvement program are miscellaneous income.

26 Sec. 53. Section 260E.2, subsection 6, Code 2019, is amended
27 to read as follows:

28 6. "*Employee*" means the person employed in a new job.
29 "*Employee*" does not include a person who would not be subject
30 to the withholding of Iowa income pursuant to a reciprocal
31 agreement under [section 422.8, subsection 5, Code 2019](#).

32 Sec. 54. Section 260E.5, subsections 2 and 6, Code 2019, are
33 amended to read as follows:

34 2. An amount equal to one and one-half percent of the gross
35 wages paid by the employer to each employee participating in a

1 project shall be credited from the payment made by an employer
2 pursuant to [section 422.16](#), Code 2019. If the amount of the
3 withholding by the employer is less than one and one-half
4 percent of the gross wages paid to the employees covered by the
5 agreement, then the employer shall receive a credit against
6 other withholding taxes due by the employer. The employer
7 shall remit the amount of the credit quarterly in the same
8 manner as withholding payments are reported to the department
9 of revenue, to the community college to be allocated to and
10 when collected paid into a special fund of the community
11 college to pay the principal of and interest on certificates
12 issued by the community college to finance or refinance, in
13 whole or in part, the project. When the principal and interest
14 on the certificates have been paid, the employer credits shall
15 cease and any money received after the certificates have
16 been paid shall be remitted to the treasurer of state to be
17 deposited in the general fund of the state.

18 6. An employee participating in a project will receive full
19 credit for the amount withheld as provided in [section 422.16](#),
20 Code 2019.

21 Sec. 55. Section 260G.4A, subsections 2 and 5, Code 2019,
22 are amended to read as follows:

23 2. Eligibility for program job credits shall be based on
24 certification of program job positions and program job wages
25 by the employer at the time established in the agreement. An
26 amount up to ten percent of the gross program job wage as
27 certified by the employer in the agreement shall be credited
28 from the total payment made by an employer pursuant to section
29 [422.16](#), Code 2019. The employer shall receive a credit against
30 all withholding taxes due by the employer regardless of whether
31 or not the withholding from the employer of current program
32 job wages is less than ten percent. The employer shall remit
33 the amount of the credit quarterly in the same manner as
34 withholding payments are reported to the department of revenue,
35 to the community college to be allocated to and when collected

1 paid into a special fund of the community college to pay, in
2 part, the program costs. When the program costs have been
3 paid, the employer credits shall cease and any moneys received
4 after the program costs have been paid shall be remitted to the
5 treasurer of state to be deposited in the general fund of the
6 state.

7 5. Employees from an employer participating in an agreement
8 shall receive full credit for the amount withheld as provided
9 in [section 422.16](#), Code 2019.

10 Sec. 56. Section 279.63, subsection 2, paragraph a, Code
11 2019, is amended to read as follows:

12 a. All property tax levies, ~~income surtaxes~~, and local
13 option sales taxes in place in the school district, listed by
14 type of levy, rate, amount, duration, and notification of the
15 maximum rate and amount limitations permitted by statute.

16 Sec. 57. Section 298.2, subsection 1, paragraph a, Code
17 2019, is amended to read as follows:

18 a. A physical plant and equipment levy of not exceeding
19 one dollar and sixty-seven cents per thousand dollars of
20 assessed valuation in the district is established except as
21 otherwise provided in [this subsection](#). The physical plant
22 and equipment levy consists of the regular physical plant
23 and equipment levy of not exceeding thirty-three cents per
24 thousand dollars of assessed valuation in the district and
25 a voter-approved physical plant and equipment levy of not
26 exceeding one dollar and thirty-four cents per thousand
27 dollars of assessed valuation in the district. ~~However, the~~
28 ~~voter-approved physical plant and equipment levy may consist~~
29 ~~of a combination of a physical plant and equipment property~~
30 ~~tax levy and a physical plant and equipment income surtax as~~
31 ~~provided in [subsection 4](#) with the maximum amount levied and~~
32 ~~imposed limited to an amount that could be raised by a one~~
33 ~~dollar and thirty-four cent property tax levy.~~

34 Sec. 58. Section 298.2, subsection 4, Code 2019, is amended
35 to read as follows:

1 4. *a.* The board may on its own motion, and upon the
 2 written request of not less than one hundred eligible electors
 3 or thirty percent of the number of eligible electors voting
 4 at the last regular school election, whichever is greater,
 5 shall, direct the county commissioner of elections to provide
 6 for submitting the proposition of levying the voter-approved
 7 physical plant and equipment levy for a period of time
 8 authorized by the voters at the election, not to exceed ten
 9 years. The election shall be held on a date specified in
 10 section 39.2, subsection 4, paragraph "c". The proposition is
 11 adopted if a majority of those voting on the proposition at the
 12 election approves it. The voter-approved physical plant and
 13 equipment levy shall be funded either by a physical plant and
 14 equipment property tax ~~or by a combination of a physical plant
 15 and equipment property tax and a physical plant and equipment
 16 income surtax, as determined by the board.~~ However, if the
 17 board ~~intends to enter into a rental or lease arrangement under
 18 [section 279.26](#), or intends to enter into a loan agreement under
 19 [section 297.36](#),~~ only a property tax shall be levied for those
 20 purposes. Subject to the limitations of [section 298.14](#), if
 21 the board uses a combination of a physical plant and equipment
 22 property tax and a physical plant and equipment surtax, for
 23 each fiscal year the board shall determine the percent of
 24 income surtax to be imposed expressed as full percentage
 25 points, not to exceed twenty percent.

26 *b.* ~~If a combination of a property tax and income surtax
 27 is used, by April 15 of the previous school year, the board
 28 shall certify the percent of the income surtax to be imposed
 29 and the amount to be raised to the department of management
 30 and the department of management shall establish the rate of
 31 the property tax and income surtax for the school year. The
 32 physical plant and equipment property tax and income surtax
 33 shall be levied or imposed, collected, and paid to the school
 34 district in the manner provided for the instructional support
 35 program in ~~sections~~ section 257.21 through ~~257.26.~~~~

1 Sec. 59. Section 403.19A, subsection 3, paragraphs b and i,
2 Code 2019, are amended to read as follows:

3 *b.* An amount equal to three percent of the gross wages paid
4 by an employer to each employee under a withholding agreement
5 shall be credited from the payment made by the employer
6 pursuant to [section 422.16](#), Code 2019. If the amount of the
7 withholding by the employer is less than three percent of the
8 gross wages paid to the employees covered by the withholding
9 agreement, the employer shall receive a credit against other
10 withholding taxes due by the employer or may carry the credit
11 forward for up to ten years or until depleted, whichever is
12 the earlier. The employer shall remit the amount of the
13 credit quarterly, in the same manner as withholding payments
14 are reported to the department of revenue, to the pilot
15 project city to be allocated to and when collected paid into
16 a designated withholding project fund for the project. All
17 amounts so deposited shall be used or pledged by the pilot
18 project city for a project related to the employer pursuant to
19 the withholding agreement.

20 *i.* An employee whose wages are subject to a withholding
21 agreement shall receive full credit for the amount withheld as
22 provided in [section 422.16](#), Code 2019.

23 Sec. 60. Section 404A.2, subsection 2, Code 2019, is amended
24 to read as follows:

25 2. The tax credit shall be allowed against the taxes imposed
26 in [chapter 422, divisions II, III, and V](#), and in chapter
27 432. ~~An individual may claim a tax credit under this section
28 of a partnership, limited liability company, S corporation,
29 estate, or trust electing to have income taxed directly to the
30 individual. For an individual claiming a tax credit of an
31 estate or trust, the amount claimed by the individual shall be
32 based upon the pro rata share of the individual's earnings from
33 the estate or trust. For an individual claiming a tax credit
34 of a partnership, limited liability company, or S corporation,
35 the amount claimed by the partner, member, or shareholder,~~

1 ~~respectively, shall be based upon the amounts designated by~~
2 ~~the eligible partnership, S corporation, or limited liability~~
3 ~~company, as applicable.~~

4 Sec. 61. Section 404A.2, subsection 3, paragraph c, Code
5 2019, is amended to read as follows:

6 c. A tax credit shall not be claimed by a transferee
7 under this section until a replacement tax credit certificate
8 identifying the transferee as the proper holder has been
9 issued. The transferee may use the amount of the tax credit
10 transferred against the taxes imposed in chapter 422, divisions
11 ~~II, III, and V~~, and in [chapter 432](#), for any tax year the
12 original transferor could have claimed the tax credit. Any
13 consideration received for the transfer of the tax credit shall
14 not be included as income under chapter 422, divisions ~~II, III,~~
15 and V. Any consideration paid for the transfer of the tax
16 credit shall not be deducted from income under chapter 422,
17 divisions ~~II, III,~~ and V.

18 Sec. 62. Section 404A.2, subsection 5, paragraph c, Code
19 2019, is amended to read as follows:

20 c. The tax credit certificate, unless rescinded by the
21 authority, shall be accepted by the department of revenue
22 as payment for taxes imposed in chapter 422, divisions ~~II,~~
23 ~~III,~~ and V, and in [chapter 432](#), subject to any conditions
24 or restrictions placed by the authority or the department of
25 revenue upon the face of the tax credit certificate and subject
26 to the limitations of this program.

27 Sec. 63. Section 404A.2, subsection 6, Code 2019, is amended
28 to read as follows:

29 6. For purposes of the ~~individual and corporate income taxes~~
30 ~~tax~~ and the franchise tax, the increase in the basis of the
31 rehabilitated property that would otherwise result from the
32 qualified rehabilitation expenditures shall be reduced by the
33 amount of the credit computed under [this section](#).

34 Sec. 64. Section 421.60, subsection 2, paragraph c,
35 subparagraph (1), Code 2019, is amended to read as follows:

1 (1) If the notice of assessment or denial of a claim for
2 refund relates to a tax return filed pursuant to ~~section 422.14~~
3 ~~or~~ chapter 450 by the taxpayer which designates an individual
4 as an authorized representative of the taxpayer with respect to
5 that return, or if a power of attorney has been filed with the
6 department by the taxpayer which designates an individual as
7 an authorized representative of the taxpayer with respect to
8 any tax that is included in the notice of assessment or denial
9 of a claim for refund, a copy of the notice together with any
10 additional information required to be sent to the taxpayer
11 shall be sent to the authorized representative as well.

12 Sec. 65. Section 422.1, subsection 2, Code 2019, is amended
13 to read as follows:

14 2. Division II ~~Personal net income tax~~ Provisions
15 related to the business tax on corporations.

16 Sec. 66. Section 422.11L, subsection 1, unnumbered
17 paragraph 1, Code 2019, is amended to read as follows:

18 The taxes imposed under ~~this division, less the credits~~
19 ~~allowed under~~ section 422.12, III shall be reduced by a solar
20 energy system tax credit equal to the sum of the following:

21 Sec. 67. Section 422.11L, subsection 3, paragraph a, Code
22 2019, is amended by striking the paragraph.

23 Sec. 68. Section 422.11N, subsection 3, unnumbered
24 paragraph 1, Code 2019, is amended to read as follows:

25 The taxes imposed under ~~this division, less the credits~~
26 ~~allowed under~~ section 422.12, III shall be reduced by an
27 ethanol promotion tax credit for each tax year that the
28 taxpayer is eligible to claim the tax credit under this
29 section. In order to be eligible, all of the following must
30 apply:

31 Sec. 69. Section 422.11N, subsection 9, Code 2019, is
32 amended by striking the subsection.

33 Sec. 70. Section 422.11O, subsection 2, unnumbered
34 paragraph 1, Code 2019, is amended to read as follows:

35 The taxes imposed under ~~this division, less the credits~~

1 ~~allowed under [section 422.12](#), III~~ shall be reduced by an
2 E-85 gasoline promotion tax credit for each tax year that
3 the taxpayer is eligible to claim the tax credit under this
4 subsection.

5 Sec. 71. Section 422.11O, subsection 7, Code 2019, is
6 amended by striking the subsection.

7 Sec. 72. Section 422.11P, subsection 3, unnumbered
8 paragraph 1, Code 2019, is amended to read as follows:

9 The taxes imposed under ~~this division, less the credits~~
10 ~~allowed under [section 422.12](#), III~~ shall be reduced by a
11 biodiesel blended fuel tax credit for each tax year that
12 the taxpayer is eligible to claim a tax credit under this
13 subsection.

14 Sec. 73. Section 422.11P, subsection 7, Code 2019, is
15 amended by striking the subsection.

16 Sec. 74. Section 422.11S, subsection 1, Code 2019, is
17 amended to read as follows:

18 1. The taxes imposed under ~~this division, less the credits~~
19 ~~allowed under [section 422.12](#), III~~ shall be reduced by a
20 school tuition organization tax credit equal to sixty-five
21 percent of the amount of the voluntary cash or noncash
22 contributions made by the taxpayer during the tax year to a
23 school tuition organization, subject to the total dollar value
24 of the organization's tax credit certificates as computed in
25 subsection 8. The tax credit shall be claimed by use of a tax
26 credit certificate as provided in [subsection 7](#).

27 Sec. 75. Section 422.11S, subsections 4 and 5, Code 2019,
28 are amended by striking the subsections.

29 Sec. 76. Section 422.11S, subsection 8, paragraph a,
30 subparagraph (2), Code 2019, is amended to read as follows:

31 (2) "*Total approved tax credits*" means ~~for the tax year~~
32 ~~beginning in the 2006 calendar year, two million five hundred~~
33 ~~thousand dollars, for the tax year beginning in the 2007~~
34 ~~calendar year, five million dollars, for tax years beginning~~
35 ~~on or after January 1, 2008, but before January 1, 2012, seven~~

1 ~~million five hundred thousand dollars, for tax years beginning~~
2 ~~on or after January 1, 2012, but before January 1, 2014, eight~~
3 ~~million seven hundred fifty thousand dollars, and for tax years~~
4 ~~beginning on or after January 1, 2014, but before January 1,~~
5 ~~2019, twelve million dollars, and for tax years beginning on or~~
6 after January 1, 2019, thirteen million dollars.

7 Sec. 77. Section 422.11Y, subsection 3, unnumbered
8 paragraph 1, Code 2019, is amended to read as follows:

9 The taxes imposed under ~~this division, less the credits~~
10 ~~allowed under [section 422.12](#), III~~ shall be reduced by the
11 amount of the E-15 plus gasoline promotion tax credit for each
12 tax year that the taxpayer is eligible to claim a tax credit
13 under [this subsection](#).

14 Sec. 78. Section 422.11Y, subsection 8, Code 2019, is
15 amended by striking the subsection.

16 Sec. 79. Section 422.15, subsections 2 and 3, Code 2019, are
17 amended by striking the subsections.

18 Sec. 80. Section 422.15, subsection 4, Code 2019, is amended
19 to read as follows:

20 4. Notwithstanding ~~subsections~~ subsection 1, 2, and 3, or
21 any other provision of [this chapter](#), withholding of income
22 tax and any reporting requirement shall not be imposed upon
23 a person, corporation, or withholding agent or any payor of
24 deferred compensation, pensions, or annuities with regard to
25 such payments made to a nonresident of the state.

26 Sec. 81. Section 422.21, Code 2019, is amended by striking
27 the section and inserting in lieu thereof the following:

28 **422.21 Form and time of return.**

29 Returns shall be in the form the director prescribes, and
30 shall be filed with the department on or before the last day
31 of the fourth month after the expiration of the tax year.
32 However, cooperative associations as defined in section 6072(d)
33 of the Internal Revenue Code shall file their returns on or
34 before the fifteenth day of the ninth month following the
35 close of the taxable year and nonprofit corporations subject

1 to the unrelated business income tax imposed by section
2 422.33, subsection 1A, shall file their returns on or before
3 the fifteenth day of the fifth month following the close of
4 the taxable year. If, under the Internal Revenue Code, a
5 corporation is required to file a return covering a tax period
6 of less than twelve months, the state return shall be for the
7 same period and is due forty-five days after the due date of
8 the federal tax return, excluding any extension of time to
9 file. In case of sickness, absence, or other disability, or
10 if good cause exists, the director may allow further time for
11 filing returns. The director shall cause to be prepared blank
12 forms for the returns and shall cause them to be distributed
13 throughout the state and to be furnished upon application,
14 but failure to receive or secure the form does not relieve
15 the taxpayer from the obligation of making a return that is
16 required. The department may as far as consistent with the
17 Code draft income tax forms to conform to the income tax
18 forms of the internal revenue department of the United States
19 government.

20 Sec. 82. Section 422.22, Code 2019, is amended to read as
21 follows:

22 **422.22 Supplementary returns.**

23 If the director shall be of the opinion that any taxpayer
24 required under ~~this~~ division III to file a return has failed
25 to file such a return or to include in a return filed, either
26 intentionally or through error, items of taxable income,
27 the director may require from such taxpayer a return or
28 supplementary return in such form as the director shall
29 prescribe, of all the items of income which the taxpayer
30 received during the year for which the return is made, whether
31 or not taxable under the provisions of ~~this~~ division III. If
32 from a supplementary return, or otherwise, the director finds
33 that any items of income, taxable under ~~this~~ division III, have
34 been omitted from the original return, the director may require
35 the items so omitted to be added to the original return. Such

1 supplementary return and the correction of the original return
 2 shall not relieve the taxpayer from any of the penalties to
 3 which the taxpayer may be liable under any provisions of ~~this~~
 4 division III, whether or not the director required a return or
 5 a supplementary return under this section.

6 Sec. 83. Section 422.32, Code 2019, is amended to read as
 7 follows:

8 **422.32 Definitions.**

9 ~~1.~~ For the purpose of this division and unless otherwise
 10 required by the context:

11 ~~a.~~ 1. "*Affiliated group*" means a group of corporations as
 12 defined in section 1504(a) of the Internal Revenue Code.

13 ~~b.~~ 2. a. "*Business income*" means income arising from
 14 transactions and activity in the regular course of the
 15 taxpayer's trade or business; or income from tangible and
 16 intangible property if the acquisition, management, and
 17 disposition of the property constitute integral parts of the
 18 taxpayer's regular trade or business operations; or gain or
 19 loss resulting from the sale, exchange, or other disposition of
 20 real property or of tangible or intangible personal property,
 21 if the property while owned by the taxpayer was operationally
 22 related to the taxpayer's trade or business carried on in
 23 Iowa or operationally related to sources within Iowa, or the
 24 property was operationally related to sources outside this
 25 state and to the taxpayer's trade or business carried on in
 26 Iowa; or gain or loss resulting from the sale, exchange, or
 27 other disposition of stock in another corporation if the
 28 activities of the other corporation were operationally related
 29 to the taxpayer's trade or business carried on in Iowa while
 30 the stock was owned by the taxpayer. A taxpayer may have more
 31 than one regular trade or business in determining whether
 32 income is business income.

33 ~~(1)~~ b. It is the intent of the general assembly to treat as
 34 apportionable business income all income that may be treated
 35 as apportionable business income under the Constitution of the

1 United States.

2 ~~(2)~~ c. The filing of an Iowa income tax return on a
3 combined report basis is neither allowed nor required by this
4 paragraph "b".

5 ~~e.~~ 3. "*Commercial domicile*" means the principal place from
6 which the trade or business of the taxpayer is directed or
7 managed.

8 ~~d.~~ 4. "*Corporation*" includes joint stock companies, and
9 associations organized for pecuniary profit, and partnerships
10 and limited liability companies taxed as corporations under the
11 Internal Revenue Code.

12 ~~e.~~ 5. "*Domestic corporation*" means any corporation
13 organized under the laws of this state.

14 6. "*Fiduciary*" means a guardian, trustee, executor,
15 administrator, receiver, conservator, or any person, whether
16 individual or corporate, acting in any fiduciary capacity for
17 any person, trust, or estate.

18 7. "*Fiscal year*" means an accounting period of twelve
19 months, ending on the last day of any month other than
20 December.

21 ~~f.~~ 8. "*Foreign corporation*" means any corporation other
22 than a domestic corporation.

23 9. "*Foreign country*" means any jurisdiction other than one
24 embraced within the United States. The words "United States",
25 when used in a geographical sense, include the states, the
26 District of Columbia, and the possessions of the United States.

27 ~~g.~~ 10. "*Income from sources within this state*" means income
28 from real, tangible, or intangible property located or having
29 a situs in this state.

30 11. "*Income year*" means the calendar year or the fiscal year
31 upon the basis of which the net income is computed under this
32 division.

33 12. "*Individual*" means a natural person.

34 ~~h.~~ 13. "*Internal Revenue Code*" means one of the following:

35 ~~(1)~~ a. For tax years beginning during the 2019 calendar

1 year, "*Internal Revenue Code*" means the Internal Revenue Code of
2 1954, prior to the date of its redesignation as the Internal
3 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
4 the Internal Revenue Code of 1986 as amended and in effect on
5 March 24, 2018. This definition shall not be construed to
6 include any amendment to the Internal Revenue Code enacted
7 after the date specified in the preceding sentence, including
8 any amendment with retroactive applicability or effectiveness.

9 ~~(2)~~ b. For tax years beginning on or after January 1,
10 2020, "*Internal Revenue Code*" means the Internal Revenue Code of
11 1954, prior to the date of its redesignation as the Internal
12 Revenue Code of 1986 by the Tax Reform Act of 1986, or means the
13 Internal Revenue Code of 1986, as amended.

14 ~~i.~~ 14. "*Nonbusiness income*" means all income other than
15 business income.

16 15. "*Paid*", for the purposes of the deductions under this
17 division, means "*paid or accrued*" or "*paid or incurred*", and
18 the terms "*paid or incurred*" and "*paid or accrued*" shall be
19 construed according to the method of accounting upon the basis
20 of which the net income is computed under this division. The
21 term "*received*", for the purpose of the computation of net
22 income under this division, means "*received or accrued*", and
23 the term "*received or accrued*" shall be construed according to
24 the method of accounting upon the basis of which the net income
25 is computed under this division.

26 16. "*Resident*" applies only to individuals and includes, for
27 the purpose of determining liability to the tax imposed by this
28 division upon or with reference to the income of any tax year,
29 any individual domiciled in the state, and any other individual
30 who maintains a permanent place of abode within the state.

31 ~~j.~~ 17. "*State*" means any state of the United States, the
32 District of Columbia, the Commonwealth of Puerto Rico, any
33 territory or possession of the United States, and any foreign
34 country or political subdivision thereof.

35 18. a. "*Tax year*" means the calendar year, or the fiscal

1 year ending during such calendar year, upon the basis of which
2 the net income is computed under this division.

3 b. If a taxpayer has made the election provided by section
4 441(f) of the Internal Revenue Code, "tax year" means the annual
5 period so elected, varying from fifty-two to fifty-three weeks.

6 c. If the effective date or the applicability of a provision
7 of this division is expressed in terms of a tax year beginning,
8 including, or ending with reference to a specified date which
9 is the first or last day of a month, a tax year described in
10 paragraph "a" of this subsection shall be treated as beginning
11 with the first day of the calendar month beginning nearest to
12 the first day of the tax year or as ending with the last day of
13 the calendar month ending nearest to the last day of the tax
14 year.

15 ~~k.~~ 19. "Taxable in another state". For purposes of
16 allocation and apportionment of income under this division, a
17 taxpayer is "taxable in another state" if:

18 ~~(1)~~ a. In that state the taxpayer is subject to a net
19 income tax, a franchise tax measured by net income, a franchise
20 tax for the privilege of doing business, or a corporate stock
21 tax; or

22 ~~(2)~~ b. That state has jurisdiction to subject the taxpayer
23 to a net income tax regardless of whether, in fact, the state
24 does or does not.

25 ~~l.~~ 20. "Unitary business" means a business carried on
26 partly within and partly without a state where the portion
27 of the business carried on within the state depends on or
28 contributes to the business outside the state.

29 ~~2. The words, terms, and phrases defined in section 422.4,~~
30 ~~subsections 4 through 6, 8, 9, 13, and 15 through 17, when used~~
31 ~~in this division, shall have the meanings ascribed to them~~
32 ~~in said section except where the context clearly indicates a~~
33 ~~different meaning.~~

34 Sec. 84. Section 422.33, subsection 28, Code 2019, is
35 amended to read as follows:

1 28. The taxes imposed under this division shall be reduced
2 by a school tuition organization tax credit allowed under
3 section 422.11S. ~~The maximum amount of tax credits that~~
4 ~~may be approved under this subsection for a tax year equals~~
5 ~~twenty five percent of the school tuition organization's tax~~
6 ~~credits that may be approved pursuant to section 422.11S,~~
7 ~~subsection 8, for a tax year.~~

8 Sec. 85. Section 422.35, subsection 2, Code 2019, is amended
9 to read as follows:

10 2. Add interest and dividends from foreign securities, from
11 securities of state and other political subdivisions, and from
12 regulated investment companies exempt from federal income tax
13 under the Internal Revenue Code, except for those securities
14 the interest and dividends from which are exempt from taxation
15 by the state of Iowa as otherwise provided by law, including
16 ~~those set forth in section 422.7, subsection 2.~~

17 a. Vision Iowa program bonds pursuant to section 12.71,
18 subsection 8.

19 b. School infrastructure program bonds pursuant to section
20 12.81, subsection 8.

21 c. Iowa jobs program revenue bonds pursuant to section
22 12.87, subsection 8.

23 d. Iowa utility board and Iowa consumer advocate building
24 project bonds pursuant to section 12.91, subsection 9.

25 e. Iowa finance authority beginning farmer loan program
26 bonds pursuant to section 16.64, subsection 2.

27 f. Water pollution control works and drinking facilities
28 financing program bonds pursuant to section 16.131, subsection
29 5.

30 g. Iowa prison infrastructure revenue bonds pursuant to
31 section 12.80, subsection 3, and section 16.177, subsection 8.

32 h. Quad cities interstate metropolitan authority bonds
33 pursuant to section 28A.24.

34 i. Iowa finance authority E911 program bonds pursuant to
35 section 34A.20, subsection 6.

- 1 j. Soil and water conservation subdistrict bonds pursuant
2 to section 161A.22.
- 3 k. Community college residence hall and dormitory bonds
4 pursuant to section 260C.61.
- 5 l. Community college bond program bonds pursuant to section
6 260C.71, subsection 6.
- 7 m. Higher education loan authority bonds pursuant to section
8 261A.27.
- 9 n. State board of regents bonds pursuant to sections 262.41,
10 262.51, 262.60, 262A.8, and 263A.6.
- 11 o. Interstate bridges bonds pursuant to section 313A.36.
- 12 p. Aviation authority bonds pursuant to section 330A.16.
- 13 q. County health center bonds pursuant to section 331.441,
14 subsection 2, paragraph "c", subparagraph (7).
- 15 r. Rural water district bonds pursuant to section 357A.15.
- 16 s. Urban renewal bonds pursuant to section 403.9, subsection
17 2.
- 18 t. Municipal housing project bonds pursuant to section
19 403A.12.
- 20 u. Comprehensive petroleum underground storage tank fund
21 bonds pursuant to section 455G.6, subsection 14.
- 22 v. Honey creek premier destination park bonds pursuant to
23 section 463C.12, subsection 8.

24 Sec. 86. Section 422.39, Code 2019, is amended to read as
25 follows:

26 **422.39 Statutes applicable to corporation tax.**

27 All the provisions of sections 422.24 to ~~422.27~~ 422.26 of
28 division II, respecting payment and collection, shall apply in
29 respect to the tax due and payable by a corporation taxable
30 under [this division](#).

31 Sec. 87. Section 422.73, Code 2019, is amended to read as
32 follows:

33 **422.73 Correction of errors — refunds, credits, and**
34 **carrybacks.**

35 ~~±.~~ If it appears that an amount of tax, penalty, or interest

1 has been paid which was not due under division ~~II~~, III or V
 2 of this chapter, then that amount shall be credited against
 3 any tax due on the books of the department by the person who
 4 made the excessive payment, or that amount shall be refunded
 5 to the person or with the person's approval, credited to tax
 6 to become due. A claim for refund or credit that has not been
 7 filed with the department within three years after the return
 8 upon which a refund or credit claimed became due, or within one
 9 year after the payment of the tax upon which a refund or credit
 10 is claimed was made, whichever time is the later, shall not be
 11 allowed by the director. If, as a result of a carryback of a
 12 net operating loss or a net capital loss, the amount of tax
 13 in a prior period is reduced and an overpayment results, the
 14 claim for refund or credit of the overpayment shall be filed
 15 with the department within the three years after the return
 16 for the taxable year of the net operating loss or net capital
 17 loss became due. Notwithstanding the period of limitation
 18 specified, the taxpayer shall have six months from the day of
 19 final disposition of any income tax matter between the taxpayer
 20 and the internal revenue service with respect to the particular
 21 tax year to claim an income tax refund or credit.

22 ~~2. Notwithstanding [subsection 1](#), a claim for refund or~~
 23 ~~credit of the individual income tax paid which resulted from a~~
 24 ~~reduction in a person's federal adjusted gross income due to~~
 25 ~~section 1106 of the FAA Modernization and Reform Act of 2012,~~
 26 ~~Pub. L. No. 112-95, shall be considered timely if the claim is~~
 27 ~~filed with the department on or before June 30, 2013.~~

28 ~~3. The department shall enter into an agreement with the~~
 29 ~~internal revenue service for the transmission of federal income~~
 30 ~~tax reports on individuals required to file an Iowa income tax~~
 31 ~~return who have been involved in an income tax matter with~~
 32 ~~the internal revenue service. After final disposition of~~
 33 ~~the income tax matter between the taxpayer and the internal~~
 34 ~~revenue service, the department shall determine whether the~~
 35 ~~individual is due a state income tax refund as a result of~~

1 ~~final disposition of such income tax matter. If the individual~~
2 ~~is due a state income tax refund, the department shall notify~~
3 ~~the individual within thirty days and request the individual to~~
4 ~~file a claim for refund or credit with the department.~~

5 Sec. 88. Section 422.110, Code 2019, is amended to read as
6 follows:

7 **422.110 Income tax credit in lieu of refund.**

8 1. In lieu of the fuel tax refund provided in section
9 452A.17, a ~~person or~~ corporation subject to taxation under
10 ~~division II or III of this chapter~~ may elect to receive an
11 income tax credit. The ~~person or~~ corporation which elects to
12 receive an income tax credit shall cancel its refund permit
13 obtained under [section 452A.18](#) within thirty days after the
14 first day of its tax year or the permit becomes invalid at that
15 time. For the purposes of [this section](#), ~~"person" includes a~~
16 ~~person claiming a tax credit based upon the person's pro rata~~
17 ~~share of the earnings from a partnership, limited liability~~
18 ~~company, or corporation which is not subject to a tax under~~
19 ~~division II or III of this chapter~~ as a partnership, limited
20 liability company, or corporation "corporation" means the same
21 as defined in section 422.32. If the election to receive
22 an income tax credit has been made, it remains effective for
23 at least one tax year, and for subsequent tax years unless
24 a change is requested and a new refund permit applied for
25 within thirty days after the first day of the ~~person's or~~
26 corporation's tax year. The income tax credit shall be the
27 amount of the Iowa fuel tax paid on fuel purchased by the
28 ~~person or~~ corporation and is subject to the conditions provided
29 in [section 452A.17](#) with the exception that the income tax
30 credit is not available for refunds relating to casualty
31 losses, transport diversions, pumping credits, blending
32 errors, idle time, power takeoffs, reefer units, and exports by
33 distributors.

34 2. The right to a credit under [this section](#) is not
35 assignable and the credit may be claimed only by the ~~person or~~

1 corporation that purchased the fuel.

2 Sec. 89. Section 422D.1, Code 2019, is amended to read as
3 follows:

4 **422D.1 Authorization — election — imposition and repeal —**
5 **use of revenues.**

6 1. *a.* A county board of supervisors may offer for voter
7 approval ~~any of the following taxes or a combination of the~~
8 ~~following taxes:~~

9 ~~(1) Local option income surtax.~~

10 ~~(2) An an ad valorem property tax.~~

11 *b.* Revenues generated from ~~these taxes~~ the ad valorem
12 property tax shall be used for emergency medical services as
13 provided in [section 422D.6](#).

14 2. *a.* The ~~taxes~~ property tax for emergency medical services
15 shall only be imposed after an election at which a majority of
16 those voting on the question of imposing the tax ~~or combination~~
17 ~~of taxes specified in [subsection 1](#), paragraph "a", subparagraph~~
18 ~~(1) or (2),~~ vote in favor of the question. However, the tax
19 ~~or combination of taxes specified in [subsection 1](#)~~ shall not
20 be imposed on property within ~~or on residents of~~ a benefited
21 emergency medical services district under [chapter 357F](#). The
22 question of imposing the tax ~~or combination of the taxes~~ may
23 be submitted at the regular city election, a special election,
24 or the general election. Notice of the question shall be
25 provided by publication at least sixty days before the time of
26 the election and shall identify ~~the tax or combination of taxes~~
27 ~~and the levy rate ~~or rates, as applicable.~~~~ If a majority of
28 those voting on the question approve the imposition of the tax
29 ~~or combination of taxes,~~ the tax ~~or combination of taxes~~ shall
30 be imposed as follows:

31 ~~(1) A local option income surtax shall be imposed for tax~~
32 ~~years beginning on or after January 1 of the fiscal year in~~
33 ~~which the favorable election was held.~~

34 ~~(2) An ad valorem property tax shall be imposed levied for~~
35 the fiscal year in which the election was held.

1 ~~b. Before a county imposes an income surtax as specified~~
2 ~~in [subsection 1](#), paragraph "a", subparagraph (1), a benefited~~
3 ~~emergency medical services district in the county shall be~~
4 ~~dissolved, and the county shall be liable for the outstanding~~
5 ~~obligations of the benefited district. If the benefited~~
6 ~~district extends into more than one county, the county imposing~~
7 ~~the income surtax shall be liable for only that portion of the~~
8 ~~obligations relating to the portion of the benefited district~~
9 ~~in the county.~~

10 3. Revenues received by the county from the ~~taxes imposed~~
11 tax levied under [this chapter](#) shall be deposited into the
12 emergency medical services trust fund created pursuant to
13 section 422D.6 and shall be used as provided in that section.

14 4. Any tax ~~or combination of taxes imposed~~ levied under this
15 chapter shall be for a maximum period of five years.

16 Sec. 90. Section 423.14A, subsection 3, paragraph f,
17 subparagraph (2), subparagraph division (c), subparagraph
18 subdivision (ii), Code 2019, is amended to read as follows:

19 (ii) "*Resident*" includes an individual who is a resident
20 of this state, as defined in section ~~422.4~~ [422.32](#), and any
21 business that owns any tangible or intangible property with
22 a situs in this state, or that has one or more employees
23 performing or providing services for the business in this
24 state.

25 Sec. 91. Section 425.17, subsection 7, Code 2019, is amended
26 to read as follows:

27 7. "*Income*" means the sum of Iowa net income as defined
28 in [section 422.7](#), Code 2019, plus all of the following to
29 the extent not already included in Iowa net income: capital
30 gains, alimony, child support money, cash public assistance
31 and relief, except property tax relief granted under this
32 subchapter, amount of in-kind assistance for housing expenses,
33 the gross amount of any pension or annuity, including but not
34 limited to railroad retirement benefits, payments received
35 under the federal Social Security Act, except child insurance

1 benefits received by a member of the claimant's household, and
2 all military retirement and veterans' disability pensions,
3 interest received from the state or federal government or
4 any of its instrumentalities, workers' compensation and the
5 gross amount of disability income or "loss of time" insurance.
6 "Income" does not include gifts from nongovernmental sources,
7 or surplus foods or other relief in kind supplied by a
8 governmental agency. In determining income, net operating
9 losses and net capital losses shall not be considered.

10 Sec. 92. Section 425.23, subsection 4, paragraph b, Code
11 2019, is amended to read as follows:

12 b. The annual adjustment factor for the 1998 base year is
13 one hundred percent. For each subsequent base year, the annual
14 adjustment factor equals the annual inflation factor for the
15 calendar year, in which the base year begins, as computed in
16 section 422.4 ~~for purposes of the individual income tax, Code~~
17 2019.

18 Sec. 93. Section 476.20, subsection 2, Code 2019, is amended
19 to read as follows:

20 2. The board shall establish rules requiring a regulated
21 public utility furnishing gas or electricity to include in
22 the utility's notice of pending disconnection of service a
23 written statement advising the customer that the customer
24 may be eligible to participate in the low income home energy
25 assistance program or weatherization assistance program
26 administered by the division of community action agencies of
27 the department of human rights. The written statement shall
28 list the address and telephone number of the local agency
29 which is administering the customer's low income home energy
30 assistance program and the weatherization assistance program.
31 The written statement shall also state that the customer
32 is advised to contact the public utility to settle any of
33 the customer's complaints with the public utility, but if a
34 complaint is not settled to the customer's satisfaction, the
35 customer may file the complaint with the board. The written

1 statement shall include the address and phone number of the
 2 board. If the notice of pending disconnection of service
 3 applies to a residence, the written statement shall advise
 4 that the disconnection does not apply from November 1 through
 5 April 1 for a resident who is a ~~"head of household", as~~
 6 ~~defined in section 422.4,~~ head of household and who has been
 7 certified to the public utility by the local agency which is
 8 administering the low income home energy assistance program and
 9 weatherization assistance program as being eligible for either
 10 the low income home energy assistance program or weatherization
 11 assistance program, and that if such a resident resides within
 12 the serviced residence, the customer should promptly have
 13 the qualifying resident notify the local agency which is
 14 administering the low income home energy assistance program and
 15 weatherization assistance program. The board shall establish
 16 rules requiring that the written notice contain additional
 17 information as it deems necessary and appropriate.

18 Sec. 94. Section 476.20, subsection 3, paragraph b, Code
 19 2019, is amended to read as follows:

20 *b.* A qualified applicant for the low income home energy
 21 assistance program or the weatherization assistance program who
 22 is also a ~~"head of household", as defined in section 422.4,~~
 23 ~~subsection 7,~~ head of household shall be promptly certified
 24 by the local agency administering the applicant's program to
 25 the applicant's public utility that the resident is a ~~"head~~
 26 ~~of household" as defined in section 422.4, subsection 7,~~ head
 27 of household and is qualified for the low income home energy
 28 assistance program or weatherization assistance program.
 29 Notwithstanding subsection 1, a public utility furnishing gas
 30 or electricity shall not disconnect service from November 1
 31 through April 1 to a residence which has a resident that has
 32 been certified under this paragraph. For purposes of this
 33 section, "head of household" has the same meaning as provided
 34 by the Internal Revenue Code.

35 Sec. 95. Section 476B.2, Code 2019, is amended to read as

1 follows:

2 **476B.2 General rule.**

3 The owner of a qualified facility shall, for each
4 kilowatt-hour of qualified electricity that the owner sells
5 or uses for on-site consumption during the ten-year period
6 beginning on the date the qualified facility was originally
7 placed in service, be allowed a wind energy production tax
8 credit to the extent provided in [this chapter](#) against the tax
9 imposed in [chapter 422, divisions II, III, and V](#), and chapter
10 432, and may claim a refund of tax imposed by [chapter 423](#) or
11 437A for any tax year within the time period set forth in
12 section 423.47 or [437A.14](#).

13 Sec. 96. Section 476B.6, subsection 5, paragraphs a, b, and
14 c, Code 2019, are amended to read as follows:

15 *a.* If the tax credit application is filed by a partnership,
16 limited liability company, S corporation, estate, trust, or
17 other reporting entity all of the income of which is taxed
18 directly to its equity holders or beneficiaries, for the taxes
19 imposed under [chapter 422, division II or III](#), the tax credit
20 certificate shall be issued directly to equity holders or
21 beneficiaries of the applicant in proportion to their pro rata
22 share of the income of such entity. The applicant shall, in
23 the application made under [this section](#), identify its equity
24 holders or beneficiaries, and the percentage of such entity's
25 income that is allocable to each equity holder or beneficiary.

26 *b.* If the tax credit applicant under [this section](#) is
27 eligible to receive renewable electricity production credits
28 authorized under section 45 of the Internal Revenue Code,
29 as amended, and the tax credit applicant is a partnership,
30 limited liability company, S corporation, estate, trust, or
31 other reporting entity all of the income of which is taxed
32 directly to its equity holders or beneficiaries, for the taxes
33 imposed under [chapter 422, division II or III](#), the tax credit
34 certificate may be issued to a partner if the business is a
35 partnership, a shareholder if the business is an S corporation,

1 or a member if the business is a limited liability company
 2 in the amounts designated by the eligible partnership, S
 3 corporation, or limited liability company. In absence of
 4 such designation, the credits under [this section](#) shall flow
 5 through to the partners, shareholders, or members in accordance
 6 with their pro rata share of the income of the entity. The
 7 applicant shall, in the application made under [this section](#),
 8 identify the holders or beneficiaries that are to receive the
 9 tax credit certificates and the percentage of the tax credit
 10 that is allocable to each holder or beneficiary.

11 *c.* If an applicant under [this section](#) is eligible to
 12 receive renewable electricity production credits authorized
 13 under section 45 of the Internal Revenue Code, as amended, and
 14 the tax credit applicant is a partnership, limited liability
 15 company, S corporation, estate, trust, or other reporting
 16 entity all of the income of which is taxed directly to its
 17 equity holders or beneficiaries, for the taxes imposed under
 18 chapter 422, division ~~II~~ or III, the tax credit certificates
 19 and all future rights to the tax credit in [this section](#) may be
 20 distributed to an equity holder or beneficiary as a liquidating
 21 distribution or portion thereof, of a holder or beneficiary's
 22 interest in the applicant entity. The applicant shall, in the
 23 application made under [this section](#), designate the percentage
 24 of the tax credit allocable to the liquidating equity holder
 25 or beneficiary that is to receive the current and future tax
 26 credit certificates under [this section](#).

27 Sec. 97. Section 476B.7, subsection 2, Code 2019, is amended
 28 to read as follows:

29 2. The tax credit shall be freely transferable. The
 30 transferee may use the amount of the tax credit transferred
 31 against the taxes imposed under chapter 422, divisions ~~II~~, III,
 32 and V, and [chapter 432](#) for any tax year the original transferor
 33 could have claimed the tax credit. The transferee may claim
 34 a refund under [chapter 423](#) or [437A](#) for any tax year within
 35 the time period set forth in [section 423.47](#) or [437A.14](#) for

1 which the original transferor could have claimed a refund.
2 Any consideration received for the transfer of the tax credit
3 shall not be included as income under chapter 422, divisions
4 ~~II~~, ~~III~~, and V. Any consideration paid for the transfer of the
5 tax credit shall not be deducted from income under chapter 422,
6 divisions ~~II~~, ~~III~~, and V.

7 Sec. 98. Section 476C.4, subsection 4, paragraph a, Code
8 2019, is amended to read as follows:

9 a. If the tax credit application is filed by a partnership,
10 limited liability company, S corporation, estate, trust, or
11 other reporting entity all of the income of which is taxed
12 directly to its equity holders or beneficiaries, for the taxes
13 imposed under chapter 422, division ~~II~~ or ~~III~~, the tax credit
14 certificate shall be issued directly to equity holders or
15 beneficiaries of the applicant in proportion to their pro rata
16 share of the income of such entity. The applicant shall, in
17 the application made under this section, identify its equity
18 holders or beneficiaries, and the percentage of such entity's
19 income that is allocable to each equity holder or beneficiary.

20 Sec. 99. Section 476C.4, subsection 4, paragraph b,
21 subparagraph (1), Code 2019, is amended to read as follows:

22 (1) If the tax credit applicant under this section is
23 eligible to receive renewable electricity production credits
24 authorized under section 45 of the Internal Revenue Code,
25 as amended, and the tax credit applicant is a partnership,
26 limited liability company, S corporation, estate, trust, or
27 other reporting entity all of the income of which is taxed
28 directly to its equity holders or beneficiaries, for the taxes
29 imposed under chapter 422, division ~~II~~ or ~~III~~, the tax credit
30 certificate may be issued to a partner if the business is a
31 partnership, a shareholder if the business is an S corporation,
32 or a member if the business is a limited liability company
33 in the amounts designated by the eligible partnership, S
34 corporation, or limited liability company. In absence of such
35 designation, the credits under this section shall flow through

1 to the partners, shareholders, or members in accordance with
2 their pro rata share of the income of the entity.

3 Sec. 100. Section 476C.4, subsection 4, paragraph c,
4 subparagraph (1), Code 2019, is amended to read as follows:

5 (1) If an applicant under [this section](#) is eligible to
6 receive renewable electricity production credits authorized
7 under section 45 of the Internal Revenue Code, as amended, and
8 the tax credit applicant is a partnership, limited liability
9 company, S corporation, estate, trust, or other reporting
10 entity all of the income of which is taxed directly to its
11 equity holders or beneficiaries, for the taxes imposed under
12 chapter 422, division ~~II~~ III, the tax credit certificates
13 and all future rights to the tax credit in [this section](#) may be
14 distributed to an equity holder or beneficiary as a liquidating
15 distribution or portion thereof, of a holder or beneficiary's
16 interest in the applicant entity.

17 Sec. 101. Section 476C.6, subsection 1, paragraph b, Code
18 2019, is amended to read as follows:

19 b. The transferee may use the amount of the tax credit
20 transferred against taxes imposed under chapter 422, divisions
21 ~~II~~, ~~III~~, and V, and [chapter 432](#) for any tax year the original
22 transferor could have claimed the tax credit. The transferee
23 may claim a refund under [chapter 423](#) or [437A](#) for any tax
24 year within the time period set forth in [section 423.47](#) or
25 [437A.14](#) for which the original transferor could have claimed
26 the refund. Any consideration received for the transfer of
27 the tax credit shall not be included as income under chapter
28 422, divisions ~~II~~, ~~III~~, and V. Any consideration paid for the
29 transfer of the tax credit shall not be deducted from income
30 under [chapter 422, divisions II, III, and V](#).

31 Sec. 102. Section 483A.1A, subsection 10, paragraph e, Code
32 2019, is amended to read as follows:

33 e. Is a member of the armed forces of the United States
34 who is serving on active duty, and claims residency in this
35 state, ~~and has filed a state individual income tax return~~

1 ~~as a resident pursuant to chapter 422, division II, for the~~
2 ~~preceding tax year,~~ or is stationed in this state.

3 Sec. 103. Section 541A.2, subsection 6, unnumbered
4 paragraph 1, Code 2019, is amended to read as follows:

5 An individual development account closed in accordance
6 with **this subsection** is not subject to the limitations and
7 benefits provided by **this chapter** but is subject to state tax
8 in accordance with ~~the provisions of section 422.7, subsection~~
9 ~~28, and~~ **section 450.4, subsection 6**. An individual development
10 account may be closed for any of the following reasons:

11 Sec. 104. Section 541A.3, subsection 2, Code 2019, is
12 amended by striking the subsection.

13 Sec. 105. Section 541B.2, subsection 10, Code 2019, is
14 amended to read as follows:

15 10. "*Resident*" means the same as defined in section ~~422.4~~
16 422.32.

17 Sec. 106. Section 633.479, unnumbered paragraph 2, Code
18 2019, is amended to read as follows:

19 An order approving the final report and discharging
20 the personal representative shall not be required if all
21 distributees otherwise entitled to notice are adults, under no
22 legal disability, have signed waivers of notice as provided in
23 section 633.478, have signed statements of consent agreeing
24 that the prayer of the final report shall constitute an
25 order approving the final report and discharging the personal
26 representative, and if the statements of consent are dated
27 not more than thirty days prior to the date of the final
28 report, and if compliance with ~~sections~~ section 422.27, Code
29 2019, and section 450.58 have been fulfilled and receipts,
30 sworn statements, and certificates, as any of these that are
31 required, are on file. In those instances final order shall
32 not be required and the prayer of the final report shall be
33 considered as granted and shall have the same force and effect
34 as an order of discharge of the personal representative and an
35 order approving the final report.

1 Sec. 107. Section 635.7, subsection 1, Code 2019, is amended
2 to read as follows:

3 1. The personal representative is required to file the
4 report and inventory for which provision is made in section
5 633.361, including all probate and nonprobate assets. This
6 chapter does not exempt the personal representative from
7 complying with the requirements of section 422.27, Code 2019,
8 450.22, 450.58, 633.480, or 633.481, and the administration of
9 an estate whether converted to or from a small estate shall be
10 considered one proceeding pursuant to section 633.330.

11 Sec. 108. Section 904.809, subsection 5, paragraph a,
12 subparagraph (2), Code 2019, is amended to read as follows:

13 (2) The inmate's employer shall provide each employed
14 inmate with ~~the withholding statement required under section~~
15 ~~422.16, and any other~~ employment information necessary for the
16 receipt of the remainder of an inmate's payroll earnings.

17 Sec. 109. REPEAL. Sections 99B.8, 99D.16, 99F.18,
18 190B.105, 257.22 through 257.26, 298.14, 422.4 through 422.11D,
19 422.11F, 422.11H, 422.11J, 422.11M, 422.11Q, 422.11R, 422.11V,
20 422.11W, 422.11Z, 422.12, 422.12A through 422.12E, 422.12H,
21 422.12J through 422.12L, 422.13, 422.14, 422.16, 422.17,
22 422.19, 422.23, 422.27, 422.31, 422D.2 through 422D.4, 456A.16,
23 541B.6, Code 2019, are repealed.

24 Sec. 110. EFFECTIVE DATE. This division of this Act takes
25 effect January 1, 2021.

26 Sec. 111. APPLICABILITY. This division of this Act applies
27 to tax years beginning on or after January 1, 2021.

28 DIVISION II

29 SALES AND USE TAX

30 Sec. 112. Section 423.2, subsection 1, unnumbered paragraph
31 1, Code 2019, is amended to read as follows:

32 There is imposed a tax of ~~six~~ eleven percent upon the sales
33 price of all sales of tangible personal property, consisting
34 of goods, wares, or merchandise, sold at retail in the state
35 to consumers or users except as otherwise provided in this

1 subchapter.

2 Sec. 113. Section 423.2, subsections 2 and 3, Code 2019, are
3 amended to read as follows:

4 2. A tax of ~~six~~ eleven percent is imposed upon the sales
5 price of the sale or furnishing of gas, electricity, water,
6 heat, pay television service, and communication service,
7 including the sales price from such sales by any municipal
8 corporation or joint water utility furnishing gas, electricity,
9 water, heat, pay television service, and communication service
10 to the public in its proprietary capacity, except as otherwise
11 provided in [this subchapter](#), when sold at retail in the state
12 to consumers or users.

13 3. A tax of ~~six~~ eleven percent is imposed upon the
14 sales price of all sales of tickets or admissions to places
15 of amusement, fairs, and athletic events except those of
16 elementary and secondary educational institutions. A tax
17 of ~~six~~ eleven percent is imposed on the sales price of an
18 entry fee or like charge imposed solely for the privilege of
19 participating in an activity at a place of amusement, fair, or
20 athletic event unless the sales price of tickets or admissions
21 charges for observing the same activity are taxable under this
22 subchapter. A tax of ~~six~~ eleven percent is imposed upon that
23 part of private club membership fees or charges paid for the
24 privilege of participating in any athletic sports provided club
25 members.

26 Sec. 114. Section 423.2, subsection 4, paragraph a, Code
27 2019, is amended to read as follows:

28 a. A tax of ~~six~~ eleven percent is imposed upon the sales
29 price derived from the operation of all forms of amusement
30 devices and games of skill, games of chance, raffles, and bingo
31 games as defined in [chapter 99B](#), and card game tournaments
32 conducted under [section 99B.27](#), that are operated or conducted
33 within the state, the tax to be collected from the operator in
34 the same manner as for the collection of taxes upon the sales
35 price of tickets or admission as provided in [this section](#).

1 Nothing in [this subsection](#) shall legalize any games of skill
2 or chance or slot-operated devices which are now prohibited by
3 law.

4 Sec. 115. Section 423.2, subsection 5, Code 2019, is amended
5 to read as follows:

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

9 Sec. 116. Section 423.2, subsection 7, paragraph a,
10 unnumbered paragraph 1, Code 2019, is amended to read as
11 follows:

12 A tax of ~~six~~ eleven percent is imposed upon the sales
13 price from the sales, furnishing, or service of solid waste
14 collection and disposal service.

15 Sec. 117. Section 423.2, subsection 8, paragraph a, Code
16 2019, is amended to read as follows:

17 a. A tax of ~~six~~ eleven percent is imposed on the sales
18 price from sales of bundled transactions. For the purposes of
19 this subsection, a "*bundled transaction*" is the retail sale of
20 two or more distinct and identifiable products, except real
21 property and services to real property, which are sold for one
22 nonitemized price. A "*bundled transaction*" does not include
23 the sale of any products in which the sales price varies, or
24 is negotiable, based on the selection by the purchaser of the
25 products included in the transaction.

26 Sec. 118. Section 423.2, subsection 9, Code 2019, is amended
27 to read as follows:

28 9. A tax of ~~six~~ eleven percent is imposed upon the
29 sales price from any mobile telecommunications service,
30 including all paging services, that this state is allowed
31 to tax pursuant to the provisions of the federal Mobile
32 Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C.
33 §116 et seq. For purposes of [this subsection](#), taxes on mobile
34 telecommunications service, as defined under the federal Mobile
35 Telecommunications Sourcing Act that are deemed to be provided

1 by the customer's home service provider, shall be paid to
2 the taxing jurisdiction whose territorial limits encompass
3 the customer's place of primary use, regardless of where the
4 mobile telecommunications service originates, terminates,
5 or passes through and shall in all other respects be taxed
6 in conformity with the federal Mobile Telecommunications
7 Sourcing Act. All other provisions of the federal Mobile
8 Telecommunications Sourcing Act are adopted by the state of
9 Iowa and incorporated into [this subsection](#) by reference. With
10 respect to mobile telecommunications service under the federal
11 Mobile Telecommunications Sourcing Act, the director shall, if
12 requested, enter into agreements consistent with the provisions
13 of the federal Act.

14 Sec. 119. Section 423.2, subsection 10, paragraph a, Code
15 2019, is amended to read as follows:

16 a. A tax of ~~six~~ eleven percent is imposed on the sales price
17 of specified digital products sold at retail in the state. The
18 tax applies whether the purchaser obtains permanent use or less
19 than permanent use of the specified digital product, whether
20 the sale is conditioned or not conditioned upon continued
21 payment from the purchaser, and whether the sale is on a
22 subscription basis or is not on a subscription basis.

23 Sec. 120. Section 423.2, subsection 12, Code 2019, is
24 amended to read as follows:

25 12. The sales tax rate of ~~six~~ eleven percent is reduced to
26 five ten percent on January 1, 2030.

27 Sec. 121. Section 423.2A, subsection 2, paragraph c, Code
28 2019, is amended to read as follows:

29 c. Transfer ~~one-sixth~~ nine and four thousand one hundred
30 eighteen ten-thousandths percent of the remaining revenues to
31 the secure an advanced vision for education fund created in
32 section 423F.2. This paragraph "c" is repealed December 31,
33 2029.

34 Sec. 122. Section 423.5, subsection 1, unnumbered paragraph
35 1, Code 2019, is amended to read as follows:

1 Except as provided in paragraph "c", an excise tax at the
2 rate of ~~six~~ eleven percent of the purchase price or installed
3 purchase price is imposed on the following:

4 Sec. 123. Section 423.5, subsection 4, Code 2019, is amended
5 to read as follows:

6 4. The use tax rate of ~~six~~ eleven percent is reduced to ~~five~~
7 ten percent on January 1, 2030.

8 Sec. 124. Section 423.43, subsection 1, paragraph b, Code
9 2019, is amended to read as follows:

10 b. Subsequent to the deposit into the general fund of
11 the state and after the transfer of such revenues collected
12 under [chapter 423B](#), the department shall transfer ~~one-sixth~~
13 one-eleventh of such remaining revenues to the secure an
14 advanced vision for education fund created in [section 423F.2](#).
15 This paragraph is repealed December 31, 2029.

16 Sec. 125. EFFECTIVE DATE. This division of this Act takes
17 effect January 1, 2021.

18 DIVISION III

19 FUTURE INDIVIDUAL INCOME TAX CHANGES — REPEAL

20 Sec. 126. REPEAL. 2018 Iowa Acts, chapter 1161, sections 99
21 through 127, 131, and 132, are repealed.

22 Sec. 127. EFFECTIVE DATE. This division of this Act takes
23 effect January 1, 2021.

24 DIVISION IV

25 CORRESPONDING AMENDMENTS LEGISLATION

26 Sec. 128. IMPLEMENTATION OF ACT. Additional legislation
27 is required to fully implement this Act. The director of the
28 department of revenue shall, in compliance with section 2.16,
29 prepare draft legislation for submission to the legislative
30 services agency, as necessary, to implement the repeal of the
31 individual income tax under this Act and under other provisions
32 of law.

33 EXPLANATION

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

1 This bill relates to state taxes by repealing the individual
2 income tax and increasing the state sales and use tax rates.

3 Division I repeals the individual income tax and makes
4 numerous conforming changes to the Code to remove references
5 to the individual income tax and to update or move provisions
6 of the individual income tax that are also applicable by
7 reference to the corporate income tax and the franchise tax.
8 The division also repeals the emergency medical services income
9 surtax in Code chapter 422D, the instructional support income
10 surtax in Code section 257.21, the educational improvement
11 income surtax in Code section 257.29, and the physical plant
12 and equipment income surtax in Code section 298.2, because
13 income surtax revenues will no longer be generated without the
14 state individual income tax.

15 The repeal of the individual income tax will also affect the
16 industrial new jobs training program in Code chapter 260E, the
17 accelerated career education program in Code chapter 260G, and
18 the targeted jobs withholding credit in Code section 403.19A,
19 because those programs rely on income tax amounts withheld from
20 employee wages by employers.

21 The division provides that additional legislation is
22 required to fully implement the division and requires the
23 director of the department of revenue to prepare draft
24 legislation in compliance with Code section 2.16 for submission
25 to the legislative services agency to implement the repeal of
26 the individual income tax.

27 The division takes effect January 1, 2021, and applies to tax
28 years beginning on or after that date.

29 Division II increases the state sales and use tax rate to
30 11 percent from 6 percent. By operation of law as provided in
31 Article VII, section 10 of the Iowa Constitution, a portion
32 (0.375 percent) of the state sales tax generated and collected
33 from the rate increase provided in this division will be
34 transferred to the natural resources and outdoor recreation
35 trust fund in Code section 461.31. The division amends the

1 transfer of state sales tax revenues to the secure an advanced
2 vision for education fund (SAVE) in Code section 423.2A from
3 one-sixth (approximately 16.66 percent) of the revenues to
4 9.4118 percent of the revenues to ensure that SAVE receives
5 approximately the same amounts of sales tax revenue as it did
6 prior to the sales tax rate increase provided in the division.

7 The division takes effect January 1, 2021.

8 Division III strikes future contingent individual income tax
9 changes in 2018 Iowa Acts, chapter 1161, due to the repeal of
10 the individual income tax in the bill. Currently, the future
11 individual income tax changes are set to begin in tax year 2023
12 or in a later tax year, contingent upon the satisfaction of
13 certain net general fund revenue amount and growth targets.

14 The division takes effect January 1, 2021, and applies to tax
15 years beginning on or after that date.

16 Division IV requires the director of the department of
17 revenue to prepare draft legislation for submission to the
18 legislative services agency, as necessary, to implement the
19 repeal of the individual income tax.

20 The division takes effect July 1, 2019.