

**Senate File 2419 - Introduced**

SENATE FILE 2419

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3202)

**A BILL FOR**

1 An Act relating to state and local taxation and regulation, the  
2 Iowa reinvestment Act, innovation fund, hunting and fees,  
3 and providing for properly related matters, and including  
4 effective date and retroactive applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

DEPARTMENT OF REVENUE ADMINISTRATION AND PENALTY PROVISIONS

Section 1. Section 421.6, Code 2020, is amended to read as follows:

**421.6 Definition of return.**

For purposes of **this title**, unless the context otherwise requires, "return" means any tax or information return, amended return, declaration of estimated tax, or claim for refund that is required by, provided for, or permitted under, the provisions of **this title** or section 533.329, and which is filed with the department by, on behalf of, or with respect to any person. "Return" includes any amendment or supplement to these items, including supporting schedules, attachments, or lists which are supplemental to or part of the filed return.

Sec. 2. Section 421.17, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 36. To enter into an agreement pursuant to chapter 28E with the state fair organized under chapter 173 or with a fair defined in section 174.1, to collect and remit taxes and fees from sellers making sales at retail on property owned, controlled, or operated by a fair or through events conducted by a fair.

Sec. 3. Section 421.27, subsections 1, 4, and 6, Code 2020, are amended to read as follows:

1. *Failure to timely file a return or deposit form.* a. If a person fails to file with the department on or before the due date a return or deposit form there shall be added to the tax shown due or required to be shown due a penalty of ten percent of the tax shown due or required to be shown due.

b. In the case of a specified business with no tax shown due or required to be shown due that fails to timely file an income return, the specified business shall pay the greater of the following penalty amounts:

(1) Two hundred dollars.

(2) An amount equal to ten percent of the imputed Iowa

1 liability of the specified business, not to exceed twenty-five  
2 thousand dollars.

3 c. The penalty, if assessed pursuant to paragraph "a" or  
4 "b", shall be waived by the department upon a showing of any of  
5 the following conditions:

6 a. (1) At An amount of tax greater than zero is required to  
7 be shown due and at least ninety percent of the tax required to  
8 be shown due has been paid by the due date of the tax.

9 b. (2) Those taxpayers who are required to file quarterly  
10 returns, or monthly or semimonthly deposit forms may have one  
11 late return or deposit form within a three-year period. The  
12 use of any other penalty exception will not count as a late  
13 return or deposit form for purposes of this exception.

14 c. (3) The death of a taxpayer, death of a member of  
15 the immediate family of the taxpayer, or death of the person  
16 directly responsible for filing the return and paying the tax,  
17 when the death interferes with timely filing.

18 d. (4) The onset of serious, long-term illness or  
19 hospitalization of the taxpayer, of a member of the immediate  
20 family of the taxpayer, or of the person directly responsible  
21 for filing the return and paying the tax.

22 e. (5) Destruction of records by fire, flood, or other act  
23 of God.

24 f. (6) The taxpayer presents proof that the taxpayer  
25 relied upon applicable, documented, written advice specifically  
26 made to the taxpayer, to the taxpayer's preparer, or to an  
27 association representative of the taxpayer from the department,  
28 state department of transportation, county treasurer, or  
29 federal internal revenue service, whichever is appropriate,  
30 that has not been superseded by a court decision, ruling by a  
31 quasi-judicial body, or the adoption, amendment, or repeal of  
32 a rule or law.

33 g. (7) Reliance upon results in a previous audit was a  
34 direct cause for the failure to file where the previous audit  
35 expressly and clearly addressed the issue and the previous

1 audit results have not been superseded by a court decision, or  
2 the adoption, amendment, or repeal of a rule or law.

3 ~~h.~~ (8) Under rules prescribed by the director, the taxpayer  
4 presents documented proof of substantial authority to rely  
5 upon a particular position or upon proof that all facts and  
6 circumstances are disclosed on a return or deposit form.

7 ~~i.~~ (9) The return, deposit form, or payment is timely,  
8 but erroneously, mailed with adequate postage to the internal  
9 revenue service, another state agency, or a local government  
10 agency and the taxpayer provides proof of timely mailing with  
11 adequate postage.

12 ~~j.~~ (10) The tax has been paid by the wrong licensee and the  
13 payments were timely remitted to the department for one or more  
14 tax periods prior to notification by the department.

15 ~~k.~~ (11) The failure to file was discovered through a  
16 sanctioned self-audit program conducted by the department.

17 ~~l.~~ (12) If the availability of funds in payment of tax  
18 required to be made through electronic funds transfer is  
19 delayed and the delay of availability is due to reasons beyond  
20 the control of the taxpayer. *"Electronic funds transfer"* means  
21 any transfer of funds, other than a transaction originated  
22 by check, draft, or similar paper instrument, that is  
23 initiated through an electronic terminal telephone, computer,  
24 magnetic tape, or similar device for the purpose of ordering,  
25 instructing, or authorizing a financial institution to debit or  
26 credit an account.

27 ~~m.~~ (13) The failure to file a timely inheritance tax return  
28 resulting solely from a disclaimer that required the personal  
29 representative to file an inheritance tax return. The penalty  
30 shall be waived if such return is filed and any tax due is paid  
31 within the later of nine months from the date of death or sixty  
32 days from the delivery or filing of the disclaimer pursuant to  
33 section 633E.12.

34 ~~n.~~ (14) That an Iowa inheritance tax return is filed for  
35 an estate within the later of nine months from the date of

1 death or sixty days from the filing of a disclaimer by the  
2 beneficiary of the estate refusing to take the property or  
3 right or interest in the property.

4 4. *Willful failure to file or deposit.*

5 a. (1) In case of willful failure to file a return  
6 or deposit form with the intent to evade tax or a filing  
7 requirement, or in case of willfully filing a false return  
8 or deposit form with the intent to evade tax, in lieu of the  
9 penalties otherwise provided in this section, a penalty of  
10 seventy-five percent shall be added to the amount shown due or  
11 required to be shown as tax on the return or deposit form.

12 (2) In case of a willful failure by a specified business to  
13 file an income return with no tax shown due or required to be  
14 shown due with intent to evade a filing requirement, or in case  
15 of willfully filing a false income return with no tax shown due  
16 or required to be shown due with the intent to evade reporting  
17 of Iowa-source income, the penalty imposed shall be the greater  
18 of the following amounts:

19 (a) One thousand five hundred dollars.

20 (b) An amount equal to seventy-five percent of the imputed  
21 Iowa liability of the specified business.

22 (3) If penalties are applicable for failure to file a  
23 return or deposit form and failure to pay the tax shown due or  
24 required to be shown due on the return or deposit form, the  
25 penalty provision for failure to file shall be in lieu of the  
26 penalty provisions for failure to pay the tax shown due or  
27 required to be shown due on the return or deposit form, except  
28 in the case of willful failure to file a return or deposit form  
29 or willfully filing a false return or deposit form with intent  
30 to evade tax.

31 b. The penalties imposed under this subsection are not  
32 subject to waiver.

33 6. ~~*Improper receipt of payments*~~ Liability — fraudulent  
34 practice. A person who makes an erroneous application for  
35 refund, credit, reimbursement, rebate, or other payment shall

1 be liable for any overpayment received or tax liability reduced  
2 plus interest at the rate in effect under [section 421.7](#).

3 a. In addition, a person ~~who willfully~~ commits a fraudulent  
4 practice and is liable for a penalty equal to seventy-five  
5 percent of the refund, credit, exemption, reimbursement,  
6 rebate, or other payment or benefit being claimed if the person  
7 does any of the following:

8 (1) Willfully makes a false or frivolous application for  
9 refund, credit, reimbursement, rebate, or other payment or  
10 benefit with intent to evade tax or with intent to receive  
11 a refund, credit, reimbursement, rebate, or other payment or  
12 benefit, to which the person is not entitled ~~is guilty of~~  
13 ~~a fraudulent practice and is liable for a penalty equal to~~  
14 ~~seventy-five percent of the refund, credit, reimbursement,~~  
15 ~~rebate, or other payment being claimed.~~

16 (2) Willfully submits any false information, document,  
17 or document containing false information in support of an  
18 application for refund, credit, exemption, reimbursement,  
19 rebate, or other payment or benefit with the intent to evade  
20 tax.

21 (3) Willfully submits with any false information, document,  
22 or document containing false information in support of an  
23 application for refund with the intent to receive a refund,  
24 credit, exemption, reimbursement, rebate, or other payment  
25 benefit, to which the person is not entitled.

26 b. Payments, penalties, and interest due under this  
27 subsection may be collected and enforced in the same manner as  
28 the tax imposed.

29 Sec. 4. Section 421.27, Code 2020, is amended by adding the  
30 following new subsections:

31 NEW SUBSECTION. 8. *Definitions.* As used in this section:

32 a. "Imputed Iowa liability" means any of the following:

33 (1) In the case of corporations other than corporations  
34 described in section 422.34 or section 422.36, subsection 5,  
35 the corporation's Iowa net income after the application of the

1 Iowa business activity ratio, if applicable, multiplied by the  
2 top income tax rate imposed under section 422.33 for the tax  
3 year.

4 (2) In the case of financial institutions as defined in  
5 section 422.61, the financial institution's Iowa net income  
6 after the application of the Iowa business activity ratio, if  
7 applicable, multiplied by the franchise tax rate imposed under  
8 section 422.63 for the tax year.

9 (3) In the case of all other entities, including  
10 corporations described in section 422.36, subsection 5, and all  
11 other entities required to file an information return under  
12 section 422.15, subsection 2, the entity's Iowa net income  
13 after the application of the Iowa business activity ratio, if  
14 applicable, multiplied by the top income tax rate imposed under  
15 section 422.5A for the tax year.

16 *b. "Income return"* means an income tax return or information  
17 return required under section 422.15, subsection 2, or section  
18 422.36, 422.37, or 422.62.

19 *c. "Specified business"* means a partnership or other entity  
20 required to file an information return under section 422.15,  
21 subsection 2, a corporation required to file a return under  
22 section 422.36 or 422.37, or a financial institution required  
23 to file a return under section 422.62.

24 NEW SUBSECTION. 9. *Additional penalty.* In addition to the  
25 penalties imposed by this section, if a taxpayer fails to file  
26 a return within ninety days of written notice by the department  
27 that the taxpayer is required to do so, there shall be added to  
28 the amount shown due or required to be shown due a penalty in  
29 the amount of one thousand dollars.

30 Sec. 5. NEW SECTION. 421.27A **Perjury.**

31 1. For purposes of this title, a form, application, or any  
32 other documentation required or requested by the department  
33 shall be required to be certified under penalty of perjury that  
34 the information contained in the form, application, or other  
35 documentation is true and correct.

1 2. A person commits a class "D" felony under any of the  
2 following circumstances:

3 a. The person makes a form, application, or other document  
4 containing false information in support of an application for  
5 refund, credit, exemption, reimbursement, rebate, or other  
6 payment or benefit with intent to evade tax.

7 b. The person makes a form, application, or other document  
8 containing false information with intent to unlawfully receive  
9 a refund, credit, exemption, reimbursement, rebate, or other  
10 payment or benefit, to which the person is not entitled.

11 c. The person knowingly makes any false affidavit.

12 d. The person knowingly swears or affirms falsely to any  
13 matter or thing required by the terms of this title to be sworn  
14 to or affirmed.

15 Sec. 6. NEW SECTION. 421.59 Power of attorney — authority  
16 to act on behalf of taxpayer.

17 1. a. A taxpayer may authorize an individual to act on  
18 behalf of the taxpayer by filing a power of attorney with the  
19 department, on a form prescribed by the department.

20 b. A taxpayer may at any time revoke a power of attorney  
21 filed with the department pursuant to subsection 1. Upon  
22 processing of the taxpayer's revocation of a power of attorney,  
23 the department shall cease honoring the power of attorney.

24 2. The department may authorize the following persons to act  
25 and receive information on behalf of and exercise all of the  
26 rights of a taxpayer, regardless of whether a power of attorney  
27 has been filed pursuant to subsection 1:

28 a. A guardian, conservator, or custodian appointed by a  
29 court, if a taxpayer has been deemed legally incompetent by a  
30 court. The authority of the appointee to act on behalf of the  
31 taxpayer shall be limited to the extent specifically stated in  
32 the order of appointment.

33 (1) Upon request, a guardian, conservator, or custodian of  
34 a taxpayer shall submit to the department a copy of the court  
35 order appointing the guardian, conservator, or custodian.



1 (2) The department may petition the court that appointed the  
2 guardian, conservator, or custodian to verify the appointment  
3 or to determine the scope of the appointment.

4 *b.* A receiver appointed pursuant to chapter 680. An  
5 appointed receiver shall be limited to act on behalf of the  
6 taxpayer by the authority stated in the order of appointment.

7 (1) Upon the request of the department, a receiver shall  
8 submit to the department a copy of the court order appointing  
9 the receiver.

10 (2) The department may petition the court that appointed the  
11 receiver to verify the appointment or to determine the scope  
12 of the appointment.

13 *c.* An individual who has been named as an authorized  
14 representative on a fiduciary return of income filed under  
15 section 422.14 or a tax return filed under chapter 450.

16 *d.* (1) An individual holding the following title or  
17 position within a corporation, association, partnership, or  
18 other business entity:

19 (a) A president or chief executive officer, or any other  
20 officer of the corporation or association if the president or  
21 chief executive officer certifies that the officer has the  
22 authority to legally bind the corporation or association.

23 (b) A designated partner duly authorized to act on behalf  
24 of the partnership.

25 (c) A person authorized to act on behalf of a limited  
26 liability company in tax matters pursuant to a valid statement  
27 of authority.

28 (2) An individual seeking to act on behalf of a taxpayer  
29 pursuant to this paragraph shall file an affidavit with the  
30 department attesting to the identity and qualifications of the  
31 individual and any necessary certifications required under this  
32 paragraph. The department may require any documents or other  
33 evidence to demonstrate the individual has authority to act on  
34 behalf of the taxpayer before the department.

35 *e.* A licensed attorney who has appeared on behalf of the

1 taxpayer or the taxpayer's estate in a court proceeding.  
2 Authorization under this paragraph is limited to those matters  
3 within the scope of the representation.

4 *f.* A parent or guardian of a taxpayer who has not reached  
5 the age of majority where the parent or guardian has signed the  
6 taxpayer's return on behalf of the taxpayer. Authorization  
7 under this paragraph is limited to those matters relating to  
8 the return signed by the parent or guardian. Authorization  
9 under this paragraph automatically terminates when the taxpayer  
10 reaches the age of majority pursuant to section 599.1.

11 3. *a.* In lieu of executing a power of attorney pursuant  
12 to subsection 1, the department may enter into a memorandum of  
13 understanding with the taxpayer for each employee, officer,  
14 or member of a third-party entity engaged with or otherwise  
15 hired by a taxpayer to manage the tax matters of the taxpayer,  
16 to permit the disclosure of confidential tax information to  
17 the third-party entity and the authority to act on behalf of  
18 the taxpayer. The memorandum of understanding shall adhere to  
19 requirements as established by the director.

20 *b.* The memorandum of understanding shall be signed by  
21 the director, the taxpayer, and the third-party entity or an  
22 authorized representative of the third-party entity.

23 *c.* At any time, a taxpayer may unilaterally revoke  
24 a memorandum of understanding entered into pursuant to  
25 this subsection by filing a notice of revocation with the  
26 department. Upon the filing of such a revocation by the  
27 taxpayer, the department shall cease honoring the memorandum  
28 of understanding.

29 4. The department shall adopt rules pursuant to chapter 17A  
30 to administer this section.

31 Sec. 7. Section 421.60, subsection 2, paragraph a,  
32 subparagraph (2), Code 2020, is amended to read as follows:

33 (2) The statement prepared in accordance with this  
34 paragraph shall be available on the department's internet site.  
35 The internet site for this information shall be distributed by

1 the department to all taxpayers at the first contact by the  
2 department with respect to the determination or collection of  
3 any tax, except in the case of simply providing tax forms.

4 Sec. 8. Section 421.60, Code 2020, is amended by adding the  
5 following new subsection:

6 NEW SUBSECTION. 11. *Electronic communication.*

7 Notwithstanding any provision of the law to the contrary, for  
8 purposes of this title and sections 321.105A and 533.329, a  
9 taxpayer may elect to receive any notices, correspondence,  
10 or other communication electronically that the department is  
11 required to send by regular mail. The director may establish  
12 procedures and limitations for obtaining this election from the  
13 taxpayer.

14 Sec. 9. Section 421.62, subsection 1, Code 2020, is amended  
15 by adding the following new paragraph:

16 NEW PARAGRAPH. *Ob.* "Income tax return or claim for refund"  
17 means any tax return or claim for refund under chapter 422,  
18 excluding withholding returns under section 422.16.

19 Sec. 10. Section 421.62, subsection 1, paragraph c,  
20 subparagraph (1), Code 2020, is amended to read as follows:

21 (1) "Tax return preparer" means any individual who, for  
22 a fee or other consideration, prepares ten or more income  
23 tax returns or claims for refund under ~~chapter 422~~ during  
24 a calendar year, or who assumes final responsibility for  
25 completed work on such income tax returns or claims for refund  
26 under ~~chapter 422~~ on which preliminary work has been done by  
27 another individual.

28 Sec. 11. Section 421.62, subsection 2, paragraph a, Code  
29 2020, is amended to read as follows:

30 a. On or after January 1, 2020, a tax return preparer  
31 is required to include the tax return preparer's PTIN on  
32 any income tax return or claim for refund prepared by the  
33 tax return preparer and filed under ~~chapter 422~~ with the  
34 department.

35 Sec. 12. Section 421.64, subsection 1, Code 2020, is amended

1 to read as follows:

2 1. For purposes of [this section](#), "*tax return preparer*" means  
3 the same as defined in [section ~~421.61~~ 421.62](#).

4 Sec. 13. Section 422.20, subsections 1 and 2, Code 2020, are  
5 amended to read as follows:

6 1. It shall be unlawful for any present or former officer  
7 or employee of the state to willfully or recklessly divulge or  
8 to make known in any manner whatever not provided by law to  
9 any person the amount or source of income, profits, losses,  
10 expenditures, or any particular thereof, set forth or disclosed  
11 in any income return, or to permit any income return or copy  
12 thereof or any book containing any abstract or particulars  
13 thereof to be seen or examined by any person except as provided  
14 by law; and it shall be unlawful for any person to willfully or  
15 recklessly print or publish in any manner whatever not provided  
16 by law any income return, or any part thereof or source of  
17 income, profits, losses, or expenditures appearing in any  
18 income return; and any person committing an offense against the  
19 foregoing provision shall be guilty of a serious misdemeanor.  
20 If the offender is an officer or employee of the state, such  
21 person shall also be dismissed from office or discharged from  
22 employment. Nothing herein shall prohibit turning over to duly  
23 authorized officers of the United States or tax officials of  
24 other states state information and income returns pursuant  
25 to agreement between the director and the secretary of the  
26 treasury of the United States or the secretary's delegate or  
27 pursuant to a reciprocal agreement with another state.

28 2. It is unlawful for an officer, employee, or agent, or  
29 former officer, employee, or agent of the state to willfully  
30 or recklessly disclose to any person, except as authorized  
31 in [subsection 1](#) of [this section](#), any federal tax return  
32 or return information as defined in section 6103(b) of the  
33 Internal Revenue Code. It is unlawful for a person to whom  
34 any federal tax return or return information, as defined in  
35 section 6103(b) of the Internal Revenue Code, is disclosed

1 in a manner unauthorized by [subsection 1 of this section](#)  
2 to thereafter willfully or recklessly print or publish in  
3 any manner not provided by law any such return or return  
4 information. A person violating this provision is guilty of  
5 a serious misdemeanor.

6 Sec. 14. Section 422.20, subsection 3, paragraph a, Code  
7 2020, is amended to read as follows:

8 a. Unless otherwise expressly permitted by [section 8A.504](#),  
9 [section 8G.4](#), [section 11.41](#), [section 96.11](#), [subsection 6](#),  
10 [section 421.17](#), subsections 22, 23, and 26, [section 421.17](#),  
11 [subsection 27](#), paragraph "k", [section 421.17](#), [subsection 31](#),  
12 [section 252B.9](#), [section 321.40](#), [subsection 6](#), [sections 321.120](#),  
13 [421.19](#), [421.28](#), [421.59](#), [422.72](#), and [452A.63](#), [this section](#), or  
14 another provision of law, a tax return, return information, or  
15 investigative or audit information shall not be divulged to any  
16 person or entity, other than the taxpayer, the department, or  
17 internal revenue service for use in a matter unrelated to tax  
18 administration.

19 Sec. 15. Section 422.20, Code 2020, is amended by adding the  
20 following new subsections:

21 NEW SUBSECTION. 3A. The director may disclose the tax  
22 return of a partnership, limited liability company, or S  
23 corporation, any such return information, or any investigative  
24 information related to the return, to any person who was a  
25 partner, shareholder, or member of such an entity during any  
26 part of the period covered by the return.

27 NEW SUBSECTION. 3B. a. Prior to being made available for  
28 public inspection, the department shall redact from the record  
29 in an appeal or contested case the following information from  
30 any pleading, exhibit, attachment, motion, written evidence,  
31 final order, decision, or opinion:

32 (1) A financial account number.

33 (2) An account number generated by the department to  
34 identify an audit or examination.

35 (3) A social security number.

1 (4) A federal employer identification number.

2 (5) The name of a minor.

3 (6) A medical record or other medical information.

4 *b.* Upon a motion filed by the taxpayer, the department  
5 may redact from the record in an appeal or contested case any  
6 other information from a pleading, exhibit, attachment, motion,  
7 or written evidence, if the taxpayer proves by clear and  
8 convincing evidence that the release of such information would  
9 disclose a trade secret or be a clear, unwarranted invasion of  
10 personal privacy.

11 *c.* Notwithstanding paragraph "a", when making final orders,  
12 decisions, or opinions available for public inspection, the  
13 department may disclose the items in paragraph "a" if the  
14 department determines such information is necessary to the  
15 resolution or decision of the appeal or case.

16 *d.* Except as described in paragraphs "a" and "b", all  
17 information contained in a pleading, exhibit, attachment,  
18 motion, written evidence, final order, decision, opinion,  
19 and the record in an appeal or contested case is subject to  
20 examination to the extent provided by chapter 22.

21 Sec. 16. Section 422.25, subsection 1, Code 2020, is amended  
22 by adding the following new paragraph:

23 NEW PARAGRAPH. *c.* The period of examination and  
24 determination is unlimited under this title in the case of  
25 any action by the department to recover or rescind any tax  
26 expenditure as defined by section 2.48, subsection 1, or any  
27 other incentive or assistance, due to a failure to meet or  
28 maintain the requirements of a program administered by the  
29 economic development authority.

30 Sec. 17. Section 422.69, subsection 1, Code 2020, is amended  
31 to read as follows:

32 1. All fees, taxes, interest, and penalties imposed under  
33 this chapter shall be paid to the department in the form of  
34 remittances payable to the ~~state treasurer~~ department and the  
35 department shall transmit each payment daily to the state

1 treasurer.

2 Sec. 18. Section 422.72, subsection 1, paragraph a,  
3 subparagraph (1), Code 2020, is amended to read as follows:

4 (1) It is unlawful for the director, or any person having  
5 an administrative duty under this chapter, or any present or  
6 former officer or other employee of the state authorized by the  
7 director to examine returns, to willfully or recklessly divulge  
8 in any manner whatever, the business affairs, operations, or  
9 information obtained by an investigation under this chapter of  
10 records and equipment of any person visited or examined in the  
11 discharge of official duty, or the amount or source of income,  
12 profits, losses, expenditures or any particular thereof, set  
13 forth or disclosed in any return, or to willfully or recklessly  
14 permit any return or copy of a return or any book containing  
15 any abstract or particulars thereof to be seen or examined by  
16 any person except as provided by law.

17 Sec. 19. Section 422.72, Code 2020, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 7A. a. Prior to being made available for  
20 public inspection, the department shall redact from the record  
21 in an appeal or contested case the following information from  
22 any pleading, exhibit, attachment, motion, written evidence,  
23 final order, decision, or opinion:

24 (1) A financial account number.

25 (2) An account number generated by the department to  
26 identify an audit or examination.

27 (3) A social security number.

28 (4) A federal employer identification number.

29 (5) The name of a minor.

30 (6) A medical record or other medical information.

31 b. Upon a motion filed by the taxpayer, the department  
32 may redact from the record in an appeal or contested case any  
33 other information from a pleading, exhibit, attachment, motion,  
34 or written evidence, if the taxpayer proves by clear and  
35 convincing evidence that the release of such information would

1 disclose a trade secret or be a clear, unwarranted invasion of  
2 personal privacy.

3 *c.* Notwithstanding paragraph "a", when making final orders,  
4 decisions, or opinions available for public inspection, the  
5 department may disclose the items in paragraph "a" if the  
6 department determines such information is necessary to the  
7 resolution or decision of the appeal or case.

8 *d.* Except as described in paragraphs "a" and "b", all  
9 information contained in a pleading, exhibit, attachment,  
10 motion, written evidence, final order, decision, opinion,  
11 and the record in an appeal or contested case is subject to  
12 examination to the extent provided by chapter 22.

13 Sec. 20. Section 423.37, Code 2020, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 4. The period of limitation on examination  
16 and determination is unlimited under this title in the case  
17 of any action by the department to recover or rescind any tax  
18 expenditure as defined by section 2.48, subsection 1, or any  
19 other incentive or assistance, due to a failure to meet or  
20 maintain the requirements of a program administered by the  
21 economic development authority.

22 Sec. 21. Section 428A.1, subsection 3, Code 2020, is amended  
23 to read as follows:

24 3. The declaration of value shall state the full  
25 consideration paid for the real property transferred. If  
26 agricultural land, as defined in [section 9H.1](#), is purchased by  
27 a corporation, limited partnership, trust, alien or nonresident  
28 alien, the declaration of value shall include the name and  
29 address of the buyer, the name and address of the seller, a  
30 legal description of the agricultural land, and identify the  
31 buyer as a corporation, limited partnership, trust, alien, or  
32 nonresident alien. The county recorder shall ~~not~~ record the  
33 declaration of value, but shall enter on the declaration of  
34 value information the director of revenue requires for the  
35 production of the sales/assessment ratio study and transmit



1 all declarations of value to the city or county assessor in  
2 whose jurisdiction the property is located. The city or county  
3 assessor shall ~~enter on the declaration of value~~ provide the  
4 information the director of revenue requires for the production  
5 of the sales/assessment ratio study ~~and transmit one copy of~~  
6 ~~each declaration of value to the director of revenue,~~ at times  
7 as directed by the director of revenue. The assessor shall  
8 retain ~~one copy of each declaration of value~~ for three years  
9 from December 31 of the year in which the transfer of realty  
10 for which the declaration was filed took place. The director  
11 of revenue shall, upon receipt of the information required to  
12 be filed under [this chapter](#) by the city or county assessor,  
13 send to the office of the secretary of state that part of the  
14 declaration of value which identifies a corporation, limited  
15 partnership, trust, alien, or nonresident alien as a purchaser  
16 of agricultural land as defined in [section 9H.1](#).

17 Sec. 22. Section 441.48, Code 2020, is amended to read as  
18 follows:

19 **441.48 Notice of adjustment.**

20 1. Before the department of revenue shall adjust the  
21 valuation of any class of property any such percentage, the  
22 department shall first serve ten days' notice by mail, on the  
23 county auditor of the county whose valuation is proposed to be  
24 adjusted. ~~The department shall hold an adjourned meeting after~~  
25 ~~such~~

26 2. If the county or assessing jurisdiction intends to  
27 protest the proposed adjustment, the board of supervisors or  
28 city council, as applicable, shall provide the department with  
29 notice of intent to protest prior to expiration of the ten  
30 days' notice.

31 3. After expiration of the ten days' notice, at which time  
32 the county or assessing jurisdiction may appear by its city  
33 council or board of supervisors, city or county attorney, ~~and~~  
34 ~~other assessing jurisdiction,~~ or city or county officials, and  
35 make written or oral protest against such proposed adjustment.

1     4. The protest shall consist simply of a statement of the  
2 error, or errors, complained of with such facts as may lead to  
3 their correction. ~~At the adjourned meeting~~

4     5. After written protest is received, or an oral protest  
5 is heard, the final action may be taken in reference to the  
6 proposed adjustment.

7     Sec. 23. Section 489.706, subsection 2, Code 2020, is  
8 amended to read as follows:

9     2. The secretary of state shall refer the federal tax  
10 identification number contained in the application for  
11 reinstatement to the ~~departments~~ department of ~~revenue and~~  
12 workforce development. The ~~departments~~ department of revenue  
13 and workforce development shall report to the secretary of  
14 state the tax status of the limited liability company. If  
15 either the department reports to the secretary of state that  
16 a filing delinquency or liability exists against the limited  
17 liability company, the secretary of state shall not cancel the  
18 declaration of dissolution until the filing delinquency or  
19 liability is satisfied.

20     Sec. 24. Section 490.1422, subsection 2, paragraph a, Code  
21 2020, is amended to read as follows:

22     a. The secretary of state shall refer the federal tax  
23 identification number contained in the application for  
24 reinstatement to the ~~departments~~ department of ~~revenue and~~  
25 workforce development. The ~~departments~~ department of revenue  
26 and workforce development shall report to the secretary  
27 of state the tax status of the corporation. If either the  
28 department reports to the secretary of state that a filing  
29 delinquency or liability exists against the corporation,  
30 the secretary of state shall not cancel the certificate of  
31 dissolution until the filing delinquency or liability is  
32 satisfied.

33     Sec. 25. Section 501.813, subsection 2, paragraph a, Code  
34 2020, is amended to read as follows:

35     a. The secretary of state shall refer the federal tax

1 identification number contained in the application for  
2 reinstatement to the ~~departments~~ department of revenue and  
3 workforce development. The ~~departments~~ department of revenue  
4 and workforce development shall report to the secretary  
5 of state the tax status of the cooperative. If either the  
6 department reports to the secretary of state that a filing  
7 delinquency or liability exists against the cooperative,  
8 the secretary of state shall not cancel the certificate of  
9 dissolution until the filing delinquency or liability is  
10 satisfied.

11 Sec. 26. Section 504.1423, subsection 2, paragraph a, Code  
12 2020, is amended to read as follows:

13 a. The secretary of state shall refer the federal tax  
14 identification number contained in the application for  
15 reinstatement to the ~~departments~~ department of revenue and  
16 workforce development. The ~~departments~~ department of revenue  
17 and workforce development shall report to the secretary  
18 of state the tax status of the corporation. If either the  
19 department reports to the secretary of state that a filing  
20 delinquency or liability exists against the corporation,  
21 the secretary of state shall not cancel the certificate of  
22 dissolution until the filing delinquency or liability is  
23 satisfied.

24 Sec. 27. Section 533.329, Code 2020, is amended by adding  
25 the following new subsection:

26 NEW SUBSECTION. 03. Returns shall be in the form the  
27 director of revenue prescribes, and shall be filed with the  
28 department of revenue on or before the last day of the fourth  
29 month after the expiration of the tax year. The moneys and  
30 credits tax is due and payable on the last day of the fourth  
31 month after the expiration of the tax year.

32 Sec. 28. Section 533.329, subsection 3, Code 2020, is  
33 amended to read as follows:

34 3. The department of revenue shall administer and enforce  
35 the provisions of this section, and except as explicitly

1 provided in this section or another provision of law, shall  
2 apply all applicable penalty, interest, and administrative  
3 provisions of chapters 421 and 422 as nearly as possible in  
4 administering and enforcing the moneys and credits tax imposed  
5 by this section.

6 Sec. 29. LEGISLATIVE INTENT. It is the intent of the  
7 general assembly that the sections of this division amending  
8 Code sections 422.25 and 423.37 are conforming amendments  
9 consistent with current state law, and that the amendments  
10 do not change the application of current law but instead  
11 reflect current law both before and after the enactment of this  
12 division of this Act.

13 Sec. 30. EFFECTIVE DATE. The following, being deemed of  
14 immediate importance, take effect upon enactment:

15 1. The section of this division of this Act amending section  
16 422.25.

17 2. The section of this division of this Act amending section  
18 423.37.

19 Sec. 31. APPLICABILITY. The following applies to any  
20 return for which a written notice that the taxpayer is required  
21 to file such return is issued by the department on or after  
22 January 1, 2022:

23 The portion of the section of this division of this Act  
24 enacting section 421.27, subsection 9.

25 Sec. 32. APPLICABILITY. The following apply to tax years  
26 beginning on or after January 1, 2022:

27 1. The section of this division of this Act amending section  
28 421.27, subsection 1.

29 2. The portion of the section of this division of this Act  
30 amending section 421.27, subsection 4.

31 3. The portion of the section of this division of this Act  
32 enacting section 421.27, subsection 8.

33 DIVISION II

34 SALES AND USE TAX

35 Sec. 33. Section 321G.4, subsection 2, Code 2020, is amended

1 to read as follows:

2 2. a. The owner of the snowmobile shall file an application  
3 for registration with the department through the county  
4 recorder of the county of residence in the manner established  
5 by the commission. The application shall be completed by the  
6 owner and shall be accompanied by a fee of fifteen dollars and  
7 a writing fee as provided in [section 321G.27](#). A snowmobile  
8 shall not be registered by the county recorder until the  
9 county recorder is presented with receipts, bills of sale,  
10 or other satisfactory evidence that the sales or use tax has  
11 been paid for the purchase of the snowmobile or that the  
12 owner is exempt from paying the tax. A snowmobile that has  
13 an expired registration certificate from another state may be  
14 registered in this state upon proper application, payment of  
15 all applicable registration and writing fees, and payment of a  
16 penalty of five dollars.

17 b. If the owner of the snowmobile is unable to present  
18 satisfactory evidence that the sales or use tax has been paid,  
19 the county recorder shall collect the tax. On or before the  
20 tenth day of each month, the county recorder shall remit to  
21 the department of revenue the amount of the taxes collected  
22 during the preceding month, together with an itemized statement  
23 on forms furnished by the department of revenue showing the  
24 name of each taxpayer, the make and purchase price of each  
25 snowmobile, the amount of tax paid, and such other information  
26 as the department of revenue requires.

27 Sec. 34. Section 321I.4, subsection 2, Code 2020, is amended  
28 to read as follows:

29 2. a. The owner of the all-terrain vehicle shall file an  
30 application for registration with the department through the  
31 county recorder of the county of residence, or in the case  
32 of a nonresident owner, in the county of primary use, in the  
33 manner established by the commission. The application shall  
34 be completed by the owner and shall be accompanied by a fee  
35 of fifteen dollars and a writing fee as provided in section

1 321I.29. An all-terrain vehicle shall not be registered by the  
2 county recorder until the county recorder is presented with  
3 receipts, bills of sale, or other satisfactory evidence that  
4 the sales or use tax has been paid for the purchase of the  
5 all-terrain vehicle or that the owner is exempt from paying the  
6 tax. An all-terrain vehicle that has an expired registration  
7 certificate from another state may be registered in this state  
8 upon proper application, payment of all applicable registration  
9 and writing fees, and payment of a penalty of five dollars.

10 b. If the owner of the all-terrain vehicle is unable to  
11 present satisfactory evidence that the sales or use tax has  
12 been paid, the county recorder shall collect the tax. On or  
13 before the tenth day of each month, the county recorder shall  
14 remit to the department of revenue the amount of the taxes  
15 collected during the preceding month, together with an itemized  
16 statement on forms furnished by the department of revenue  
17 showing the name of each taxpayer, the make and purchase price  
18 of each all-terrain vehicle, the amount of tax paid, and such  
19 other information as the department of revenue requires.

20 Sec. 35. Section 423.2, subsection 6, paragraph bs, Code  
21 2020, is amended to read as follows:

22 bs. Services arising from or related to installing,  
23 maintaining, servicing, repairing, operating, upgrading, or  
24 enhancing either specified digital products or software sold  
25 as tangible personal property.

26 Sec. 36. Section 423.2, subsection 8, paragraph d,  
27 subparagraph (1), Code 2020, is amended to read as follows:

28 (1) The retail sale of tangible personal property or  
29 specified digital product and a service, where the tangible  
30 personal property or specified digital product is essential  
31 to the use of the service, and is provided exclusively in  
32 connection with the service, and the true object of the  
33 transaction is the service.

34 Sec. 37. Section 423.3, subsection 3A, Code 2020, is amended  
35 to read as follows:

1     3A. The sales price from the sale of a commercial recreation  
2 service offering the opportunity to hunt a preserve whitetail  
3 as defined in [section 484C.1](#) if the sale occurred between July  
4 1, 2005, and December 31, 2015.

5     Sec. 38. Section 423.3, subsection 31, unnumbered paragraph  
6 1, Code 2020, is amended to read as follows:

7     The sales price of tangible personal property or specified  
8 digital products sold to and of services furnished to a tribal  
9 government as defined in 216A.161, or the sales price of  
10 tangible personal property or specified digital products sold  
11 to and of services furnished, and used for public purposes  
12 sold to a tax-certifying or tax-levying body of the state or a  
13 governmental subdivision of the state, including the following:  
14 regional transit systems, as defined in [section 324A.1](#);  
15 the state board of regents~~;~~ department of human services~~;~~  
16 state department of transportation~~;~~ any municipally owned  
17 solid waste facility which sells all or part of its processed  
18 waste as fuel to a municipally owned public utility~~;~~ and all  
19 divisions, boards, commissions, agencies, or instrumentalities  
20 of state, federal, county, ~~or municipal government, or tribal~~  
21 government which have no earnings going to the benefit of an  
22 equity investor or stockholder, except any of the following:

23     Sec. 39. Section 423.3, subsection 80, paragraphs b and c,  
24 Code 2020, are amended to read as follows:

25     *b.* Subject to the limitations in paragraph "c", if a  
26 contractor, subcontractor, or builder is to use building  
27 materials, supplies, and equipment, or services in the  
28 performance of a written construction contract with a  
29 designated exempt entity, the person shall purchase such  
30 items of tangible personal property or services without  
31 liability for the tax if such property or services will be  
32 used in the performance of the written construction contract  
33 and a purchasing agent authorization letter and an exemption  
34 certificate, issued by the designated exempt entity, are  
35 presented to the retailer.

1 c. (1) With regard to a written construction contract  
2 with a designated exempt entity described in paragraph "a",  
3 subparagraph (1), the sales price of building materials,  
4 supplies, ~~or~~ equipment, or services is exempt from tax by this  
5 subsection only to the extent the building materials, supplies,  
6 ~~or~~ equipment, or services are completely consumed in the  
7 performance of the construction contract with the designated  
8 exempt entity, and only if the property that is the subject  
9 of the construction project becomes public property or the  
10 property of the designated exempt entity.

11 (2) With regard to a written construction contract with  
12 a designated exempt entity described in paragraph "a",  
13 subparagraph (2), the sales price of building materials,  
14 supplies, ~~or~~ equipment, or services is exempt from tax by this  
15 subsection only to the extent the building materials, supplies,  
16 ~~or~~ equipment, or services are completely consumed in the  
17 performance of a construction contract to construct a project,  
18 as defined in [section 15J.2, subsection 10](#), which project has  
19 been approved by the economic development authority board in  
20 accordance with [chapter 15J](#).

21 Sec. 40. Section 423.4, subsection 1, Code 2020, is amended  
22 to read as follows:

23 1. a. For purposes of this subsection, a "designated exempt  
24 entity" means any of the following:

25 (1) A private nonprofit educational institution in this  
26 state~~.~~.

27 (2) A nonprofit Iowa affiliate of a nonprofit international  
28 organization whose primary activity is the promotion of the  
29 construction, remodeling, or rehabilitation of one-family or  
30 two-family dwellings for low-income families~~.~~.

31 (3) A nonprofit private museum in this state~~.~~.

32 (4) A tax-certifying or tax-levying body or governmental  
33 subdivision of the state, including the state board of regents,  
34 state department of human services, state department of  
35 transportation~~.~~a.



1     (5) A municipally owned solid waste facility which sells all  
2 or part of its processed waste as fuel to a municipally owned  
3 public utility, ~~and all.~~

4     (6) The state of Iowa.

5     (7) Any political subdivision of the state.

6     (8) All divisions, boards, commissions, agencies, or  
7 instrumentalities of state, federal, county, or municipal  
8 government which do not have earnings going to the benefit of  
9 an equity investor or stockholder, ~~.~~

10    (9) A tribal government as defined in section 216A.161,  
11 and any instrumentalities of the tribal government which do  
12 not have earnings going to the benefit of an equity investor  
13 or stockholder.

14    b. A designated exempt entity may make application apply  
15 to the department for the refund of the sales or use tax upon  
16 the sales price of all sales of goods, wares, or merchandise  
17 building materials, supplies, equipment, or from services  
18 furnished to a contractor, used in the fulfillment performance  
19 of a written contract with the state of Iowa, any political  
20 subdivision of the state, or a division, board, commission,  
21 agency, or instrumentality of the state or a political  
22 subdivision, a private nonprofit educational institution in  
23 this state, a nonprofit Iowa affiliate described in this  
24 subsection, or a nonprofit private museum in this state if the  
25 property becomes an integral part of the project under contract  
26 and at the completion of the project becomes public property,  
27 is devoted to educational uses, becomes part of a low-income  
28 one-family or two-family dwelling in the state, or becomes a  
29 nonprofit private museum, except goods, wares, or merchandise,  
30 designated exempt entity if all of the following apply:

31    (1) The building materials, supplies, equipment, or  
32 services are completely consumed in the performance of a  
33 construction project with the designated entity.

34    (2) The property that is subject of the construction project  
35 becomes public property or the property of an exempt entity.

1     (3) The building materials, supplies, equipment, or  
2 services furnished ~~which~~ are not used in the performance of  
3 any contract in connection with the operation of any municipal  
4 utility engaged in selling gas, electricity, or heat to  
5 the general public or in connection with the operation of a  
6 municipal pay television system; and ~~except goods, wares, and~~  
7 ~~merchandise~~ are not used in the performance of a contract for a  
8 "project" under chapter 419 as defined in that chapter other  
9 than goods, wares, or merchandise used in the performance of  
10 a contract for a "project" under chapter 419 for which a bond  
11 issue was approved by a municipality prior to July 1, 1968, or  
12 for which the goods, wares, or merchandise becomes an integral  
13 part of the project under contract and at the completion of the  
14 project becomes public property or is devoted to educational  
15 uses.

16     ~~a. c.~~ Such A contractor shall state under oath, on forms  
17 provided by the department, the amount of such sales of goods,  
18 wares, or merchandise, or services furnished and used in the  
19 performance of such contract, and upon which sales or use tax  
20 has been paid, and shall file such forms with the ~~governmental~~  
21 ~~unit, private nonprofit educational institution, nonprofit Iowa~~  
22 ~~affiliate, or nonprofit private museum~~ designated exempt entity  
23 which has made any written contract for performance by the  
24 contractor. The forms shall be filed by the contractor with  
25 the ~~governmental unit, educational institution, nonprofit Iowa~~  
26 ~~affiliate, or nonprofit private museum~~ designated exempt entity  
27 before final settlement is made.

28     ~~b. d.~~ ~~Such governmental unit, educational institution,~~  
29 ~~nonprofit Iowa affiliate, or nonprofit private museum~~ A  
30 designated exempt entity shall, not more than one year after  
31 the final settlement has been made, ~~make application~~ apply  
32 to the department for any refund of the amount of the sales  
33 or use tax which shall have been paid upon any ~~goods, wares,~~  
34 ~~or merchandise~~ building materials, supplies, equipment,  
35 or services furnished, the application to be made in the

1 manner and upon forms to be provided by the department,  
2 and the department shall forthwith audit the claim and, if  
3 approved, issue a warrant to the ~~governmental unit, educational~~  
4 ~~institution, nonprofit Iowa affiliate, or nonprofit private~~  
5 museum designated exempt entity in the amount of the sales or  
6 use tax which has been paid to the state of Iowa under the  
7 contract.

8 ~~e.~~ e. Refunds authorized under this subsection shall accrue  
9 interest in accordance with section 421.60, subsection 2,  
10 paragraph "e".

11 ~~d.~~ f. Any contractor who willfully makes a false report of  
12 tax paid under the provisions of this subsection is guilty of  
13 a simple misdemeanor and in addition shall be liable for the  
14 payment of the tax and any applicable penalty and interest.

15 Sec. 41. Section 423.4, subsection 2, paragraphs a and b,  
16 Code 2020, are amended to read as follows:

17 a. A contractor awarded a contract for a transportation  
18 construction project is considered the consumer of all building  
19 materials, building supplies, ~~and equipment, and services~~ and  
20 shall pay sales tax to the supplier or remit consumer use tax  
21 directly to the department.

22 b. The contractor is not required to file information with  
23 the state department of transportation stating the amount of  
24 ~~goods, wares, or merchandise, or services rendered, furnished,~~  
25 ~~or performed~~ and building materials, supplies, equipment, or  
26 services used in the performance of the contract or the amount  
27 of sales or use tax paid.

28 Sec. 42. Section 423.4, subsection 6, paragraph a,  
29 subparagraph (1), Code 2020, is amended to read as follows:

30 (1) The owner of a collaborative educational facility  
31 in this state may make application to the department for the  
32 refund of the sales or use tax upon the sales price of all sales  
33 of ~~goods, wares, or merchandise~~ building materials, supplies,  
34 equipment, or from services furnished to a contractor, used  
35 in the fulfillment of a written construction contract with

1 the owner of the collaborative educational facility for the  
2 original construction, or additions or modifications to, a  
3 building or structure to be used as part of the collaborative  
4 educational facility.

5 Sec. 43. Section 423.4, subsection 6, paragraphs b and c,  
6 Code 2020, are amended to read as follows:

7 *b.* ~~Such~~ A contractor shall state under oath, on forms  
8 provided by the department, the amount of such sales of ~~goods,~~  
9 ~~wares, or merchandise~~ building materials, supplies, equipment,  
10 or services furnished and used in the performance of such  
11 contract, and upon which sales or use tax has been paid, and  
12 shall file such forms with the owner of the collaborative  
13 educational facility which has made any written contract for  
14 performance by the contractor.

15 *c.* (1) The owner of the collaborative educational facility  
16 shall, not more than one year after the final settlement has  
17 been made, make application to the department for any refund  
18 of the amount of the sales or use tax which shall have been  
19 paid upon any ~~goods, wares, or merchandise~~ building materials,  
20 supplies, equipment, or services furnished, the application  
21 to be made in the manner and upon forms to be provided by  
22 the department, and the department shall forthwith audit the  
23 claim and, if approved, issue a warrant to the owner of the  
24 collaborative educational facility in the amount of the sales  
25 or use tax which has been paid to the state of Iowa under the  
26 contract.

27 (2) Refunds authorized under [this subsection](#) shall accrue  
28 interest in accordance with [section 421.60, subsection 2,](#)  
29 paragraph "e".

30 Sec. 44. Section 423.5, subsection 1, paragraph b, Code  
31 2020, is amended by striking the paragraph.

32 Sec. 45. Section 423.29, subsection 1, Code 2020, is amended  
33 to read as follows:

34 1. Every seller who is a retailer and who is making taxable  
35 sales of tangible personal property or specified digital

1 products in Iowa or who is a retailer maintaining a place  
2 of business in this state making taxable sales of tangible  
3 personal property or specified digital products shall, at  
4 the time of making the sale, collect the sales tax. Every  
5 ~~seller who is a retailer that is not otherwise required to~~  
6 ~~collect sales tax under the provisions of this chapter and who~~  
7 ~~is selling tangible personal property or specified digital~~  
8 ~~products for use in Iowa shall, at the time of making the sale,~~  
9 ~~whether within or without the state, collect the use tax.~~

10 Sellers required to collect sales or use tax shall give to any  
11 purchaser a receipt for the tax collected in the manner and  
12 form prescribed by the director.

13 Sec. 46. Section 423.33, subsection 1, Code 2020, is amended  
14 to read as follows:

15 1. *Liability of purchaser for sales tax and retailer.*

16 a. If a purchaser fails to pay sales tax to the retailer  
17 required to collect the tax, then in addition to all of the  
18 rights, obligations, and remedies provided, ~~the~~ a use tax  
19 is payable by the purchaser directly to the department, and  
20 sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
21 423.41, and 423.42 apply to the purchaser.

22 b. For failure to pay the sales or use tax as described  
23 in paragraph "a", the retailer and purchaser are jointly  
24 liable, unless the circumstances described in section 29C.24,  
25 subsection 3, paragraph "a", subparagraph (2), section 421.60,  
26 subsection 2, paragraph "m", section 423.34A, or section  
27 423.45, subsection 4, paragraph "b" or "e", or subsection 5,  
28 paragraph "c" or "e", are applicable.

29 c. If the retailer fails to collect sales tax at the time  
30 of the transaction, the retailer shall thereafter remit the  
31 applicable sales tax, or the purchaser thereafter shall remit  
32 the applicable use tax. If the purchaser remits all applicable  
33 use tax, the retailer remains liable for any local sales and  
34 services tax under chapter 423B that the retailer failed to  
35 collect.

1     Sec. 47. REFUNDS RELATED TO PRESERVE WHITETAIL DEER  
2 HUNTING. Refunds of taxes, interest, or penalties that arise  
3 from claims resulting from the amendment of section 423.3,  
4 subsection 3A, for sales occurring between July 1, 2005,  
5 and the effective date of the amendment to section 423.3,  
6 subsection 3A, shall not be allowed, notwithstanding any other  
7 law to the contrary.

8     Sec. 48. LEGISLATIVE INTENT.

9     1. It is the intent of the general assembly that the section  
10 of this division of this Act amending section 423.29 is a  
11 conforming amendment consistent with current state law, and  
12 that the amendment does not change the application of current  
13 law but instead reflects current law both before and after the  
14 enactment of this division of this Act.

15     2. It is the intent of the general assembly that the  
16 addition of "jointly" in the section of this division of  
17 this Act amending section 423.33 is a conforming amendment  
18 consistent with current state law, and that the amendment  
19 does not change the application of current law but instead  
20 reflects current law both before and after the enactment of  
21 this division of this Act.

22     Sec. 49. EFFECTIVE DATE. The following, being deemed of  
23 immediate importance, take effect upon enactment:

24     1. The section of this division of this Act amending section  
25 423.3A.

26     2. The section of this division of this Act relating  
27 to refunds for commercial recreation services offering an  
28 opportunity to hunt preserve whitetail deer.

29     Sec. 50. RETROACTIVE APPLICABILITY. The following applies  
30 retroactively to July 1, 2005:

31     The section of this division of this Act amending section  
32 423.3A.

33                                   DIVISION III

34                                   INCOME TAX

35     Sec. 51. Section 422.9, subsection 3, paragraph c, Code

1 2020, is amended by striking the paragraph and inserting in  
2 lieu thereof the following:

3     *c.* A taxpayer may elect to waive the entire carryback period  
4 with respect to an Iowa net operating loss for any taxable year  
5 beginning on or after January 1, 2020. The election shall be  
6 made in the manner and form prescribed by the department, and  
7 shall be made by the due date for filing the taxpayer's Iowa  
8 return, including extensions of time. After the election is  
9 made for any taxable year, the election shall be irrevocable  
10 for such taxable year. When an election has been properly  
11 made, the Iowa net operating loss shall be carried forward  
12 twenty taxable years.

13     Sec. 52. Section 422.9, subsection 3, paragraph d, Code  
14 2020, is amended to read as follows:

15     *d.* Notwithstanding paragraph "a", for a taxpayer who is  
16 engaged in the trade or business of farming, which means the  
17 same as a "farming business" as defined in section 263A(e)(4) of  
18 the Internal Revenue Code, and has a farming loss from farming  
19 as defined in section 172(b)(1)(B) of the Internal Revenue Code  
20 including modifications prescribed by rule by the director,  
21 the Iowa farming loss from the trade or business of farming is  
22 a net operating loss which may, at the time of the election of  
23 the taxpayer, be carried back five taxable years prior to the  
24 taxable year of the loss. The election shall be made in the  
25 manner and form prescribed by the department, and shall be made  
26 by the due date for filing the taxpayer's return, including  
27 extensions of time. After the election is made for any taxable  
28 year, the election shall be irrevocable for such taxable year.

29     Sec. 53. APPLICABILITY. This division of this Act applies  
30 to tax years beginning on or after January 1, 2020.

31   DIVISION IV

32   RESEARCH ACTIVITIES CREDIT

33     Sec. 54. Section 15.335, subsection 4, paragraph a, Code  
34 2020, is amended to read as follows:

35     *a.* In lieu of the credit amount computed in [subsection 2](#), an

1 eligible business may elect to compute the credit amount for  
2 qualified research expenses incurred in this state in a manner  
3 consistent with the alternative simplified credit described in  
4 section ~~41(e)(5)~~ 41(c)(4) of the Internal Revenue Code. The  
5 taxpayer may make this election regardless of the method used  
6 for the taxpayer's federal income tax. The election made under  
7 this paragraph is for the tax year and the taxpayer may use  
8 another or the same method for any subsequent year.

9     Sec. 55. Section 15.335, subsection 4, paragraph b,  
10 unnumbered paragraph 1, Code 2020, is amended to read as  
11 follows:

12     For purposes of the alternate credit computation method in  
13 paragraph "a", the credit percentages applicable to qualified  
14 research expenses described in section ~~41(e)(5)(A)~~ 41(c)(4)(A)  
15 and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B) of the  
16 Internal Revenue Code are as follows:

17     Sec. 56. Section 422.10, subsection 1, paragraphs c and d,  
18 Code 2020, are amended to read as follows:

19     c. In lieu of the credit amount computed in paragraph "b",  
20 subparagraph (1), subparagraph division (a), a taxpayer may  
21 elect to compute the credit amount for qualified research  
22 expenses incurred in this state in a manner consistent with the  
23 alternative simplified credit described in section ~~41(e)(5)~~  
24 41(c)(4) of the Internal Revenue Code. The taxpayer may make  
25 this election regardless of the method used for the taxpayer's  
26 federal income tax. The election made under this paragraph is  
27 for the tax year and the taxpayer may use another or the same  
28 method for any subsequent year.

29     d. For purposes of the alternate credit computation  
30 method in paragraph "c", the credit percentages applicable to  
31 qualified research expenses described in section ~~41(e)(5)(A)~~  
32 41(c)(4)(A) and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B)  
33 of the Internal Revenue Code are four and fifty-five  
34 hundredths percent and one and ninety-five hundredths percent,  
35 respectively.



1     Sec. 57. Section 422.33, subsection 5, paragraphs c and d,  
2 Code 2020, are amended to read as follows:

3     c. In lieu of the credit amount computed in paragraph  
4 "a", subparagraph (1), a corporation may elect to compute the  
5 credit amount for qualified research expenses incurred in this  
6 state in a manner consistent with the alternative simplified  
7 credit described in section ~~41(e)(5)~~ 41(c)(4) of the Internal  
8 Revenue Code. The taxpayer may make this election regardless  
9 of the method used for the taxpayer's federal income tax. The  
10 election made under this paragraph is for the tax year and the  
11 taxpayer may use another or the same method for any subsequent  
12 year.

13     d. For purposes of the alternate credit computation  
14 method in paragraph "c", the credit percentages applicable to  
15 qualified research expenses described in section ~~41(e)(5)(A)~~  
16 41(c)(4)(A) and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B)  
17 of the Internal Revenue Code are four and fifty-five  
18 hundredths percent and one and ninety-five hundredths percent,  
19 respectively.

20     Sec. 58. EFFECTIVE DATE. This division of this Act, being  
21 deemed of immediate importance, takes effect upon enactment.

22     Sec. 59. RETROACTIVE APPLICABILITY. This division of this  
23 Act applies retroactively to January 1, 2019, for tax years  
24 beginning on or after that date.

25                                     DIVISION V

26     PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING OF  
27                                     FEDERAL ADJUSTMENTS

28     Sec. 60. Section 421.27, subsection 2, paragraph c, Code  
29 2020, is amended to read as follows:

30     c. (1) The taxpayer ~~provides written notification to the~~  
31 ~~department of a federal audit while it is in progress and~~  
32 voluntarily files an amended return which includes a copy of  
33 the federal document showing the final disposition or final  
34 federal adjustments and pays any additional Iowa tax due  
35 within sixty one hundred eighty days of the final disposition

1 determination date of the federal government's audit. For  
2 purposes of this subparagraph, "final determination date" means  
3 the same as defined in section 422.25.

4 (2) (a) In the case of a final federal partnership  
5 adjustment arising from a partnership level audit, with respect  
6 to the audited partnership or a direct partner or indirect  
7 partner of the audited partnership, the audited partnership,  
8 direct partner, or indirect partner voluntarily and timely  
9 complies with its reporting and payment requirements under  
10 section 422.25A, subsection 4 or 5.

11 (b) As used in this subparagraph, all words and phrases  
12 defined in section 422.25A shall have the same meaning given  
13 them by that section.

14 Sec. 61. Section 422.7, Code 2020, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 59. Any income subtracted from federal  
17 taxable income for an adjustment year pursuant to section 6225  
18 of the Internal Revenue Code and the regulations thereunder  
19 shall be added back in computing net income for state tax  
20 purposes for the adjustment year.

21 Sec. 62. Section 422.25, subsections 1 and 2, Code 2020,  
22 are amended by striking the subsections and inserting in lieu  
23 thereof the following:

24 1. a. For purposes of this subsection:

25 (1) "*Federal adjustment*" means a change to an item or amount  
26 required to be determined under the Internal Revenue Code and  
27 the regulations thereunder that is used by the taxpayer to  
28 compute state tax owed whether such change results from action  
29 by the internal revenue service, or the filing of a timely  
30 amended federal return or timely federal refund claim. A  
31 federal adjustment is positive to the extent that it increases  
32 Iowa taxable income as determined under this title and is  
33 negative to the extent that it decreases Iowa taxable income  
34 as determined under this title.

35 (2) "*Federal adjustments report*" means the method or form

1 required by the department by rule to report final federal  
2 adjustments or final federal partnership adjustments as defined  
3 in section 422.25A, and in the case of any entity taxed as a  
4 partnership or S corporation for federal income tax purposes,  
5 identifies all owners that hold an interest directly in such  
6 entity and provides the effect of the final federal adjustments  
7 on such owner's Iowa income.

8 (3) "*Final determination date*" means the following:

9 (a) Except as provided in subparagraph divisions (b) and  
10 (c), for federal adjustments arising from an internal revenue  
11 service audit or other action by the internal revenue service,  
12 the final determination date is the first day on which no  
13 federal adjustments arising from that audit or other action  
14 remain to be finally determined, whether by internal revenue  
15 service decision with respect to which all rights of appeal  
16 have been waived or exhausted, by agreement, or, if appealed  
17 or contested, by a final decision with respect to which all  
18 rights of appeal have been waived or exhausted. For agreements  
19 required to be signed by the internal revenue service and the  
20 taxpayer, the final determination date is the date on which the  
21 last party signed the agreement.

22 (b) For federal adjustments arising from an internal  
23 revenue service audit or other action by the internal revenue  
24 service, if the taxpayer filed as a member of a consolidated  
25 return under section 422.37, the final determination date  
26 is the first day on which no related federal adjustments  
27 arising from that audit or other action remain to be finally  
28 determined, as described in subparagraph division (a), for the  
29 entire group.

30 (c) For federal adjustments arising from a timely filed  
31 amended federal return or a timely filed federal refund  
32 claim, or if it is a federal adjustment reported on a timely  
33 amended federal return or other similar report filed pursuant  
34 to section 6225(c) of the Internal Revenue Code, the final  
35 determination date is the day on which the amended return,

1 refund claim, or other similar report was filed.

2 (4) *"Final federal adjustment"* means a federal adjustment  
3 after the final determination date for that federal adjustment  
4 has passed.

5 b. Within three years after the return is filed or within  
6 three years after the return became due, including any  
7 extensions of time for filing, whichever time is the later,  
8 the department shall examine the return and determine the tax.  
9 However, if the taxpayer omits from income an amount which  
10 will, under the Internal Revenue Code, extend the statute of  
11 limitations for assessment of federal tax to six years under  
12 the federal law, the period for examination and determination  
13 is six years.

14 c. The period for examination and determination of the  
15 correct amount of tax is unlimited in the case of a false or  
16 fraudulent return made with the intent to evade tax or in the  
17 case of a failure to file a return.

18 d. In lieu of the period of limitation for any prior year  
19 for which an overpayment of tax or an elimination or reduction  
20 of an underpayment of tax due for that prior year results from  
21 the carryback to that prior year of a net operating loss or  
22 net capital loss, the period is the period of limitation for  
23 the taxable year of the net operating loss or net capital loss  
24 which results in the carryback.

25 e. (1) In addition to the applicable period of limitation  
26 for examination and determination in paragraph "b", "c", or "d",  
27 the department may make an examination and determination at any  
28 time within one year from the date of receipt by the department  
29 of a federal adjustments report with respect to a final  
30 federal adjustment or final federal partnership adjustment  
31 as defined in section 422.25A for a particular tax year. In  
32 order to begin the running of the one-year period, the federal  
33 adjustments report related to the final federal adjustment or  
34 final federal partnership adjustment shall be transmitted to  
35 the department by the taxpayer in the form and manner specified

1 by the department by rule.

2 (2) The department in its discretion may adopt rules to  
3 establish a de minimis amount for which subparagraph (1) shall  
4 not apply and the taxpayer shall not be required to file a  
5 federal adjustments report.

6 (3) The department may in its discretion and when  
7 administratively feasible adopt a process through rule by  
8 which a taxpayer may make estimated payments of tax expected  
9 to result from a pending internal revenue service audit  
10 prior to the filing of a federal adjustments report with the  
11 department. The process shall provide that the estimated  
12 tax payments shall be credited against any tax liability  
13 ultimately found to be due to the state from the internal  
14 revenue service audit and will limit the accrual of further  
15 statutory interest on that liability. The process shall also  
16 provide that if the estimated tax payments exceed the final  
17 tax liability and statutory interest ultimately determined to  
18 be due, the taxpayer is entitled to a refund or credit for  
19 the excess, without interest, provided the taxpayer files a  
20 federal adjustments report, or a claim for refund or credit of  
21 tax under section 422.73, no later than one year following the  
22 final determination date.

23 2. a. If the tax found due under subsection 1 is greater  
24 than the amount paid, the department shall compute the amount  
25 due, together with interest and penalties as provided in  
26 paragraph "b", and shall mail a notice of assessment to the  
27 taxpayer and, if applicable, to the taxpayer's authorized  
28 representative of the total, which shall be computed as a sum  
29 certain, with interest computed to the last day of the month  
30 in which the notice is dated.

31 b. In addition to the tax or additional tax determined  
32 by the department under subsection 1, the taxpayer shall pay  
33 interest on the tax or additional tax at the rate in effect  
34 under section 421.7 for each month counting each fraction of  
35 a month as an entire month, computed from the date the return

1 was required to be filed. In addition to the tax or additional  
2 tax, the taxpayer shall pay a penalty as provided in section  
3 421.27.

4 Sec. 63. NEW SECTION. **422.25A Reporting and treatment of**  
5 **certain partnership adjustments.**

6 1. *Definitions.* As used in this section and sections  
7 422.25B and 422.25C, unless the context otherwise requires:

8 a. "*Administrative adjustment request*" means the same as  
9 provided in section 6227 of the Internal Revenue Code.

10 b. "*Audited partnership*" means a partnership subject  
11 to a final federal partnership adjustment resulting from a  
12 partnership level audit.

13 c. "*C corporation*" means an entity that elects or is  
14 required to be taxed as a corporation under title 26, chapter  
15 1, subchapter A, part 2, of the Internal Revenue Code.

16 d. "*Corporate partner*" means a C corporation partner that is  
17 subject to tax pursuant to section 422.33.

18 e. "*Direct partner*" means a person that holds an interest  
19 directly in a partnership or pass-through entity.

20 f. "*Exempt partner*" means a partner that is exempt from  
21 taxation pursuant to section 422.34.

22 g. "*Federal adjustments report*" means the same as defined  
23 in section 422.25.

24 h. "*Federal partnership adjustment*" means a change to an  
25 item or amount required to be determined under the Internal  
26 Revenue Code and the regulations thereunder that is used by a  
27 partnership and its direct and indirect partners to compute  
28 state tax owed for the reviewed year where such change results  
29 from a partnership level audit or an administrative adjustment  
30 request. A federal partnership adjustment is positive to the  
31 extent that it increases Iowa taxable income as determined  
32 under this title and is negative to the extent that it  
33 decreases Iowa taxable income as determined under this title.  
34 A federal adjustment reported on an amended federal return  
35 or other similar report filed pursuant to section 6225(c) of

1 the Internal Revenue Code shall not be considered a federal  
2 partnership adjustment for purposes of this section.

3 *i. "Federal partnership representative"* means the person  
4 the partnership designates for the taxable year as the  
5 partnership's representative, or the person the internal  
6 revenue service has appointed to act as the federal partnership  
7 representative, pursuant to section 6223(a) of the Internal  
8 Revenue Code and the regulations thereunder.

9 *j. "Fiduciary partner"* means a partner that is a fiduciary  
10 that is subject to tax pursuant to sections 422.5 and 422.6.

11 *k. "Final determination date"* means any one of the following  
12 dates:

13 (1) In the case of a federal partnership adjustment that  
14 arises from a partnership level audit, the first day on which  
15 no federal adjustments arising from that audit remain to be  
16 finally determined, whether by agreement, or, if appealed  
17 or contested, by a final decision with respect to which all  
18 rights of appeal have been waived or exhausted. For agreements  
19 required to be signed by the internal revenue service and the  
20 audited partnership, the final determination date is the date  
21 on which the last party signed the agreement.

22 (2) In the case of a federal partnership adjustment that  
23 results from a timely filed administrative adjustment request,  
24 the day on which the administrative adjustment request was  
25 filed with the internal revenue service.

26 *l. "Final federal partnership adjustment"* means a federal  
27 partnership adjustment after the final determination date for  
28 that federal partnership adjustment has passed.

29 *m. "Indirect partner"* means a partner in a partnership or  
30 pass-through entity where such partnership or pass-through  
31 entity itself holds an interest directly, or through another  
32 indirect partner, in a partnership or pass-through entity.

33 *n. "Individual partner"* means a partner who is a natural  
34 person that is subject to tax pursuant to section 422.5.

35 *o. "Nonresident partner"* means a partner that is not a

1 resident partner as defined in this subsection.

2 *p.* "*Partner*" means a person that holds an interest, directly  
3 or indirectly, in a partnership or pass-through entity.

4 *q.* "*Partnership*" means an entity subject to taxation  
5 under subchapter K of the Internal Revenue Code and the  
6 regulations thereunder and includes but is not limited to a  
7 syndicate, group, pool, joint venture, or other unincorporated  
8 organization through or by means of which any business,  
9 financial operation, or venture is carried on and which is  
10 not, within the meaning of this chapter, a trust, estate, or  
11 corporation.

12 *r.* "*Partnership level audit*" means an examination by the  
13 internal revenue service at the partnership level pursuant to  
14 subchapter C, title 26, subtitle F, chapter 63, of the Internal  
15 Revenue Code, as enacted by the Bipartisan Budget Act of 2015,  
16 Pub. L. No. 114-74, and as amended, which results in final  
17 federal partnership adjustments initiated and made by the  
18 internal revenue service.

19 *s.* "*Pass-through entity*" means an entity, other than  
20 a partnership, that is not subject to tax under section  
21 422.33 for C corporations but excluding an exempt partner.  
22 "*Pass-through entity*" includes but is not limited to S  
23 corporations, estates, and trusts other than grantor trusts.

24 *t.* "*Reallocation adjustment*" means a final federal  
25 partnership adjustment that changes the shares of items of  
26 partnership income, gain, loss, expense, or credit allocated  
27 to a partner that holds an interest directly in a partnership  
28 or pass-through entity. A positive reallocation adjustment  
29 means the portion of a reallocation adjustment that would  
30 increase Iowa taxable income for such partners, and a negative  
31 reallocation adjustment means the portion of a reallocation  
32 adjustment that would decrease Iowa taxable income for such  
33 partners.

34 *u.* "*Resident partner*" means any of the following:

35 (1) For an individual partner, a "*resident*" as defined in



1 section 422.4.

2 (2) For a fiduciary partner, one with situs in Iowa.

3 (3) For all other partners, a partner whose headquarters or  
4 principal place of business is located in Iowa.

5 *v. "Reviewed year"* means the taxable year of a partnership  
6 that is subject to a partnership level audit from which final  
7 federal partnership adjustments arise, or otherwise means the  
8 taxable year of the partnership or pass-through entity that is  
9 the subject of a state partnership audit.

10 *w. "State partnership audit"* means an examination by the  
11 director at the partnership or pass-through entity level which  
12 results in adjustments to partnership or pass-through entity  
13 related items or reallocations of income, gains, losses,  
14 expenses, credits, and other attributes among such partners for  
15 the reviewed year.

16 *x. "Tiered partner"* means any partner that is a partnership  
17 or pass-through entity.

18 *y. "Unrelated business income"* means the income which is  
19 defined in section 512 of the Internal Revenue Code and the  
20 regulations thereunder.

21 2. *Application.* Partnerships and their direct partners  
22 and indirect partners shall report final federal partnership  
23 adjustments as provided in this section.

24 3. *State partnership representative.* Notwithstanding any  
25 other law to the contrary, the state partnership representative  
26 for the reviewed year shall have the sole authority to act on  
27 behalf of the partnership or pass-through entity with respect  
28 to an action required or permitted to be taken by a partnership  
29 or pass-through entity under this section or section 422.28 or  
30 422.29 with respect to final federal partnership adjustments  
31 arising from a partnership level audit or an administrative  
32 adjustment request, and its direct partners and indirect  
33 partners shall be bound by those actions.

34 4. *Reporting and payment requirements for audited*  
35 *partnerships and their partners subject to final federal*

1 *partnership adjustments.*

2     *a.* Unless an audited partnership makes the election in  
3 subsection 5, the audited partnership shall do all of the  
4 following for all final federal partnership adjustments no  
5 later than ninety days after the final determination date of  
6 the audited partnership:

7       (1) File a completed federal adjustments report.

8       (2) Notify each direct partner of such partner's  
9 distributive share of the adjustments in the manner and form  
10 prescribed by the department by rule.

11       (3) File an amended composite return under section 422.13  
12 if one was originally filed, and if applicable for withholding  
13 from partners, file an amended withholding report under  
14 section 422.16, and pay the additional amount under this title  
15 that would have been due had the final federal partnership  
16 adjustments been reported properly as required, including any  
17 applicable interest and penalties.

18     *b.* Unless an audited partnership paid an amount on behalf  
19 of the direct partners of the audited partnership pursuant to  
20 subsection 5, all direct partners of the audited partnership  
21 shall do all of the following no later than one hundred  
22 eighty days after the final determination date of the audited  
23 partnership:

24       (1) File a completed federal adjustments report reporting  
25 the direct partner's distributive share of the adjustments  
26 required to be reported to such partners under paragraph "a".

27       (2) If the direct partner is a tiered partner, notify all  
28 partners that hold an interest directly in the tiered partner  
29 of such partner's distributive share of the adjustments in the  
30 manner and form prescribed by the department by rule.

31       (3) If the direct partner is a tiered partner and subject to  
32 section 422.13, file an amended composite return under section  
33 422.13 if such return was originally filed, and if applicable  
34 for withholding from partners file an amended withholding  
35 report under section 422.16 if one was originally required to

1 be filed.

2 (4) Pay any additional amount under this title that would  
3 have been due had the final federal partnership adjustments  
4 been reported properly as required, including any applicable  
5 penalty and interest.

6 c. Unless a partnership or tiered partner paid an amount on  
7 behalf of the partners pursuant to subsection 5, each indirect  
8 partner shall do all of the following:

9 (1) Within ninety days after the time for filing and  
10 furnishing statements to tiered partners and their partners  
11 as established by section 6226 of the Internal Revenue Code  
12 and the regulations thereunder, file a completed federal  
13 adjustments report.

14 (2) If the indirect partner is a tiered partner, within  
15 ninety days after the time for filing and furnishing statements  
16 to tiered partners and their partners as established by  
17 section 6226 of the Internal Revenue Code and the regulations  
18 thereunder but within sufficient time for all indirect partners  
19 to also complete the requirements of this subsection, notify  
20 all of the partners that hold an interest directly in the  
21 tiered partner of such partner's distributive share of the  
22 adjustments in the manner and form prescribed by the department  
23 by rule.

24 (3) Within ninety days after the time for filing and  
25 furnishing statements to tiered partners and their partners  
26 as established by section 6226 of the Internal Revenue Code  
27 and the regulations thereunder, if the indirect partner  
28 is a tiered partner and subject to section 422.13, file an  
29 amended composite return under section 422.13 if such return  
30 was originally filed, and if applicable for withholding from  
31 partners, file an amended withholding report under section  
32 422.16 if one was originally required to be filed.

33 (4) Within ninety days after the time for filing and  
34 furnishing statements to tiered partners and the partners of  
35 the tiered partners as established by section 6226 of the

1 Internal Revenue Code and the regulations thereunder, pay any  
2 additional amount due under this title, including any penalty  
3 and interest that would have been due had the final federal  
4 partnership adjustments been reported properly as required.

5 5. *Election for partnership or tiered partners to pay.*

6 a. An audited partnership, or a tiered partner that receives  
7 a notification of a final federal partnership adjustment under  
8 subsection 4, may make an election to pay as provided under  
9 this subsection.

10 b. An audited partnership or tiered partner makes an  
11 election to pay under this subsection by filing a completed  
12 federal adjustments report, notifying the department in the  
13 manner and form prescribed by the department that it is making  
14 the election under this subsection, notifying each of the  
15 direct partners of such partner's distributive share of the  
16 adjustments, and paying on behalf of its partners an amount  
17 calculated in paragraph "c", including any applicable penalty  
18 and interest. These requirements shall all be fulfilled within  
19 one of the following time periods:

20 (1) For the audited partnership, no later than ninety days  
21 after the final determination date of the audited partnership.

22 (2) For a direct tiered partner, no later than one hundred  
23 eighty days after the final determination date of the audited  
24 partnership.

25 (3) For an indirect tiered partner, within ninety days  
26 after the time for filing and furnishing statements to a  
27 tiered partner and the partner of the tiered partner, as  
28 established by section 6226 of the Internal Revenue Code and  
29 the regulations thereunder.

30 c. The amount due under this subsection from an audited  
31 partnership or tiered partner shall be calculated as follows:

32 (1) Exclude from final federal partnership adjustments and  
33 any positive reallocation adjustments the distributive share  
34 of such adjustments reported to an exempt partner that holds  
35 an interest directly in the audited partnership if the audited

1 partnership is making the election or that holds an interest  
2 directly in the tiered partner if the tiered partner is making  
3 the election, but only to the extent the distributive share is  
4 not unrelated business income.

5 (2) Determine the total distributive share of all final  
6 federal partnership adjustments and positive reallocation  
7 adjustments as modified by this title that are reported to  
8 corporate partners, and to exempt partners to the extent the  
9 distributive share is unrelated business income, and allocate  
10 and apportion such adjustments as provided in section 422.33  
11 at the partnership or tiered partner level, and multiply the  
12 resulting amount by the maximum state corporate income tax rate  
13 pursuant to section 422.33 for the reviewed year.

14 (3) Determine the total distributive share of all final  
15 federal partnership adjustments and positive reallocation  
16 adjustments as modified by this title that are reported to  
17 nonresident individual partners and nonresident fiduciary  
18 partners and allocate and apportion such adjustments as  
19 provided in section 422.33 at the partnership or tiered  
20 partner level, and multiply the resulting amount by the maximum  
21 individual income tax rate pursuant to section 422.5A for the  
22 reviewed year.

23 (4) For the total distributive share of all final federal  
24 partnership adjustments and positive reallocation adjustments  
25 as modified by this title that are reported to tiered partners:

26 (a) Determine the amount of such adjustments which are of a  
27 type that would be subject to sourcing to Iowa under section  
28 422.8, subsection 2, paragraph "a", as a nonresident, and then  
29 determine the portion of this amount that would be sourced to  
30 Iowa under those provisions as if the tiered partner were a  
31 nonresident.

32 (b) Determine the amount of such adjustments which are of  
33 a type that would not be subject to sourcing to Iowa under  
34 section 422.8, subsection 2, paragraph "a", as a nonresident.

35 (c) Determine the portion of the amount in subparagraph

1 division (b) that can be established, as prescribed by the  
2 department by rule, to be properly allocable to indirect  
3 partners that are nonresident partners or other partners not  
4 subject to tax on the adjustments.

5 (d) Multiply the total of the amounts determined in  
6 subparagraph divisions (a) and (b), reduced by any amount  
7 determined in subparagraph division (c), by the highest  
8 individual income tax rate pursuant to section 422.5A for the  
9 reviewed year.

10 (5) For the total distributive share of all final federal  
11 partnership adjustments and positive reallocation adjustments  
12 as modified by this title that are reported to resident  
13 individual partners and resident fiduciary partners, multiply  
14 that amount by the highest individual income tax rate pursuant  
15 to section 422.5A for the reviewed year.

16 (6) Total the amounts computed pursuant to subparagraphs  
17 (2) through (5) and calculate any interest and penalty as  
18 provided under this title. Notwithstanding any provision of  
19 law to the contrary, interest and penalties on the amount due  
20 by the audited partnership or tiered partner shall be computed  
21 from the day after the due date of the reviewed year return  
22 without extension, and shall be imposed as if the audited  
23 partnership or tiered partner was required to pay tax or show  
24 tax due on the original return for the reviewed year.

25 *d.* Adjustments subject to the election in this subsection  
26 do not include any adjustments arising from an administrative  
27 adjustment request.

28 *e.* An audited partnership or tiered partner not otherwise  
29 subject to any reporting or payment obligation to Iowa that  
30 makes an election under this subsection consents to be subject  
31 to the Iowa laws related to reporting, assessment, collection,  
32 and payment of Iowa tax, interest, and penalties calculated  
33 under the election.

34 6. *Modified reporting and payment method.* The department may  
35 adopt procedures for an audited partnership or tiered partner

1 to enter into an agreement with the department to use an  
2 alternative reporting and payment method, including applicable  
3 time requirements or any other provision of this section. The  
4 audited partnership or tiered partner must demonstrate that  
5 the requested method will reasonably provide for the reporting  
6 and payment of taxes, penalties, and interest due under the  
7 provisions of this section. Application for approval of an  
8 alternative reporting and payment method must be made by the  
9 audited partnership or tiered partner within the time for  
10 making an election to pay under subsection 5 and in the manner  
11 prescribed by the department. Approval of such an alternative  
12 reporting and payment method shall be at the discretion of the  
13 department.

14 *7. Effect of election by partnership or tiered partner and*  
15 *payment of amount due.*

16 *a.* The election made under subsection 5 is irrevocable,  
17 unless in the discretion of the director, the director  
18 determines otherwise.

19 *b.* The amount determined in subsection 5, when properly  
20 reported and paid by the audited partnership or tiered partner,  
21 shall be treated as paid on behalf of the partners of such  
22 audited partnership or tiered partner on the same final federal  
23 partnership adjustments, provided, however, that no partner may  
24 take any deduction or credit for the amount, claim a refund of  
25 the amount, or include the amount on such partner's Iowa return  
26 in any manner.

27 *c.* In the event another state offers to an audited  
28 partnership or tiered partner a similar election to pay state  
29 tax resulting from final federal partnership adjustments,  
30 nothing in this subsection shall prohibit a resident who holds  
31 an interest directly in that audited partnership or tiered  
32 partner, as the case may be, from claiming a credit for taxes  
33 paid by the resident to another state under section 422.8,  
34 subsection 1, for any amounts paid by the audited partnership  
35 or tiered partner on such resident partner's behalf to another

1 state, provided such payment otherwise meets the requirements  
2 of section 422.8, subsection 1.

3 *d.* Nothing in this section shall prohibit the department  
4 from assessing direct partners and indirect partners for taxes  
5 they owe in the event that an audited partnership or tiered  
6 partner fails to timely make any report or payment required by  
7 this section for any reason.

8 *8. Assessments of additional Iowa income tax, interest, and*  
9 *penalties, and claims for refund, arising from final federal*  
10 *partnership adjustments.*

11 *a.* The department shall assess additional Iowa income  
12 tax, interest, and penalties arising from final federal  
13 partnership adjustments in the same manner as provided in  
14 this title unless a different treatment is provided by this  
15 subsection. Since final federal partnership adjustments are  
16 determined at the audited partnership level, any assessment  
17 issued to partners shall not be appealable by the partner.  
18 The department may assess any taxes, including on-behalf-of  
19 amounts, interest, and penalties arising from the final federal  
20 partnership adjustments if it issues a notice of assessment to  
21 the audited partnership, tiered partner, or other direct or  
22 indirect partner on or before the expiration of the applicable  
23 limitations period specified in section 422.25.

24 *b.* In addition to the period for claiming a refund or credit  
25 provided in section 422.73, subsection 1, paragraph "a", and  
26 notwithstanding section 422.73, subsection 1, paragraph "b",  
27 a partnership, tiered partner, or other direct or indirect  
28 partner, as the case may be, may file a claim for refund of  
29 Iowa income tax arising directly or indirectly from a final  
30 federal partnership adjustment arising from a partnership level  
31 audit on or before the date which is one year from the date the  
32 federal adjustments report for that final federal partnership  
33 adjustment was required to be filed by such person under this  
34 section.

35 *9. Rules.* The department may adopt any rules pursuant to



1 chapter 17A to implement this section.

2     Sec. 64. NEW SECTION. **422.25B State partnership**  
3 **representative.**

4     1. As used in this section, all words and phrases defined  
5 in section 422.25A shall have the same meaning given them by  
6 that section.

7     2. The state partnership representative for the reviewed  
8 year for a partnership shall be the partnership's federal  
9 partnership representative with respect to an action required  
10 or permitted to be taken by a state partnership representative  
11 under this chapter for a reviewed year, unless the partnership  
12 designates in writing another person as the state partnership  
13 representative as provided in subsection 3. The state  
14 partnership representative for the reviewed year for a  
15 pass-through entity is the person designated in subsection 3.

16     3. The department may establish reasonable qualifications  
17 for a person to be a state partnership representative. If  
18 a partnership desires to designate a person other than the  
19 federal partnership representative, the partnership shall  
20 designate such person in the manner and form prescribed by the  
21 department. A pass-through entity shall designate a person as  
22 the state partnership representative in the manner and form  
23 prescribed by the department. A partnership or pass-through  
24 entity shall be allowed to change such designation by notifying  
25 the department at the time the change occurs in the manner and  
26 form prescribed by the department.

27     4. The department may adopt any rules pursuant to chapter  
28 17A to implement this section.

29     Sec. 65. NEW SECTION. **422.25C Partnership and pass-through**  
30 **entity audits and examinations — consistent treatment of**  
31 **entity-level items — binding actions — amended returns.**

32     1. As used in this section, all words and phrases defined  
33 in section 422.25A shall have the same meaning given them by  
34 that section.

35     2. For tax years beginning on or after January 1, 2020, any

1 adjustments to a partnership's or pass-through entity's items  
2 of income, gain, loss, expense, or credit, or an adjustment  
3 to such items allocated to a partner that holds an interest  
4 in a partnership or pass-through entity for the reviewed year  
5 by the department as a result of a state partnership audit,  
6 shall be determined at the partnership level or pass-through  
7 entity level in the same manner as provided by section 6221(a)  
8 of the Internal Revenue Code and the regulations thereunder  
9 unless a different treatment is specifically provided in this  
10 title. The provisions of sections 6222, 6223, and 6227 of the  
11 Internal Revenue Code and the regulations thereunder shall also  
12 apply to a partnership or pass-through entity and its direct  
13 or indirect partners in the same manner as provided in such  
14 sections unless a different treatment is specifically provided  
15 in this title. For purposes of applying such sections, due  
16 account shall be made for differences in federal and Iowa  
17 terminology. The adjustment provided by section 6221(a) of  
18 the Internal Revenue Code shall be determined as provided in  
19 such section but shall be based on Iowa taxable income or  
20 other tax attributes of the partnership as determined pursuant  
21 to this chapter for the reviewed year. The department shall  
22 issue a notice of adjustment to the partnership or pass-through  
23 entity. Such notice shall be treated as an assessment for  
24 the purposes of section 422.25, and the notice shall be  
25 appealable by the partnership or pass-through entity pursuant  
26 to sections 422.28 and 422.29 and shall be issued within the  
27 time period provided by section 422.25. Once the adjustments  
28 to partnership-related or pass-through entity-related items or  
29 reallocations of income, gains, losses, expenses, credits, and  
30 other attributes among such partners for the reviewed year are  
31 finally determined, the partnership or pass-through entity and  
32 any direct partners or indirect partners shall then be subject  
33 to the provisions of section 422.25, subsection 1, paragraph  
34 "e", and section 422.25A in the same manner as if the state  
35 partnership audit were a federal partnership level audit, and

1 as if the final state partnership audit adjustment were a final  
2 federal partnership adjustment. The penalty exceptions in  
3 section 421.27, subsection 2, paragraphs "b" and "c", shall not  
4 apply to a state partnership audit.

5 3. The state partnership representative for the reviewed  
6 year as determined under section 422.25B shall have the sole  
7 authority to act on behalf of the partnership or pass-through  
8 entity with respect to an action required or permitted to  
9 be taken by a partnership or pass-through entity under this  
10 section, including proceedings under section 422.28 or 422.29,  
11 and the partnership's or pass-through entity's direct partners  
12 and indirect partners shall be bound by those actions.

13 4. If the department, the partnership or pass-through  
14 entity, and the partnership or pass-through entity owners  
15 agree, the provisions of this section may be applied to tax  
16 years beginning before January 1, 2020.

17 5. The department may adopt rules pursuant to chapter 17A to  
18 implement this section.

19 Sec. 66. Section 422.35, Code 2020, is amended by adding the  
20 following new subsection:

21 NEW SUBSECTION. 26. Any income subtracted from federal  
22 taxable income for an adjustment year pursuant to section 6225  
23 of the Internal Revenue Code and the regulations thereunder  
24 shall be added back in computing net income for state tax  
25 purposes for the adjustment year.

26 Sec. 67. Section 422.39, Code 2020, is amended by striking  
27 the section and inserting in lieu thereof the following:

28 **422.39 Statutes applicable to corporations and corporation**  
29 **tax.**

30 All the provisions of sections 422.24 through 422.27  
31 of division II, respecting payment, collection, reporting,  
32 examination, and assessment, shall apply in respect to a  
33 corporation subject to the provisions of this division and to  
34 the tax due and payable by a corporation taxable under this  
35 division. This includes but is not limited to a corporation

1 that is a pass-through entity as defined in section 422.25A.

2 Sec. 68. Section 422.73, Code 2020, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 01. For purposes of this section, "*federal*  
5 *adjustment*", "*final determination date*", and "*final federal*  
6 *adjustment*" all mean the same as defined in section 422.25.

7 Sec. 69. Section 422.73, subsections 1 and 3, Code 2020, are  
8 amended to read as follows:

9 1. a. If it appears that an amount of tax, penalty, or  
10 interest has been paid which was not due under division II,  
11 III or V of this chapter, then that amount shall be credited  
12 against any tax due on the books of the department by the  
13 person who made the excessive payment, or that amount shall be  
14 refunded to the person or with the person's approval, credited  
15 to tax to become due. A claim for refund or credit that has  
16 not been filed with the department within three years after  
17 the return upon which a refund or credit claimed became due,  
18 or within one year after the payment of the tax upon which a  
19 refund or credit is claimed was made, whichever time is the  
20 later, shall not be allowed by the director. If, as a result of  
21 a carryback of a net operating loss or a net capital loss, the  
22 amount of tax in a prior period is reduced and an overpayment  
23 results, the claim for refund or credit of the overpayment  
24 shall be filed with the department within the three years after  
25 the return for the taxable year of the net operating loss or  
26 net capital loss became due.

27 b. Notwithstanding the period of limitation specified in  
28 paragraph "a", the taxpayer shall have ~~six months~~ one year from  
29 ~~the day of final disposition~~ final determination date of any  
30 ~~income tax matter between the taxpayer and the internal revenue~~  
31 ~~service~~ final federal adjustment arising from an internal  
32 revenue service audit or other similar action by the internal  
33 revenue service with respect to the particular tax year to  
34 claim an income tax refund or credit arising from that final  
35 federal adjustment.

1 3. The department shall enter into an agreement with the  
2 internal revenue service for the transmission of federal income  
3 tax reports on individuals required to file an Iowa income tax  
4 return who have been involved in an income tax matter with the  
5 internal revenue service. After ~~final disposition~~ the final  
6 determination date of the income tax matter that involves a  
7 final federal adjustment between the taxpayer and the internal  
8 revenue service, the department shall determine whether the  
9 individual is due a state income tax refund as a result of that  
10 ~~final disposition of~~ federal adjustment from such income tax  
11 matter. If the individual is due a state income tax refund,  
12 the department shall notify the individual within thirty days  
13 and request the individual to file a claim for refund or credit  
14 with the department.

15 Sec. 70. APPLICABILITY. This division of this Act applies  
16 to federal adjustments and federal partnership adjustments that  
17 have a final determination date after the effective date of  
18 this division of this Act.

19 DIVISION VI

20 SETOFF PROCEDURES — RULEMAKING — EFFECTIVE DATE

21 Sec. 71. RULES. The following applies to 2020 Iowa Acts,  
22 Senate File 2328 or House File 2565, if enacted:

23 The department of revenue shall adopt rules governing  
24 setoffs that occur during the transition from the department of  
25 administrative services to the department of revenue.

26 Sec. 72. 2020 Iowa Acts, Senate File 2328, if enacted, is  
27 amended by adding the following new section:

28 NEW SECTION. Sec. \_\_\_\_ . EFFECTIVE DATE. This Act takes  
29 effect on the later of January 1, 2021, or the effective date  
30 of the rules adopted by the department of revenue pursuant  
31 to chapter 17A implementing this Act other than transitional  
32 rules.

33 Sec. 73. 2020 Iowa Acts, House File 2565, section 28, if  
34 enacted, is amended to read as follows:

35 SEC. 28. EFFECTIVE DATE. This Act takes effect on the

1 later of January 1, 2021, or the effective date of the rules  
2 adopted by the department of revenue pursuant to chapter 17A  
3 implementing this Act other than transitional rules.

4 Sec. 74. EFFECTIVE DATE. This division of this Act, being  
5 deemed of immediate importance, takes effect upon enactment.

6 Sec. 75. RETROACTIVE APPLICABILITY. This division of this  
7 Act applies retroactively to the effective date of 2020 Iowa  
8 Acts, Senate File 2328 or House File 2565, if enacted.

9

DIVISION VII

10 PRO RATA SHARE OF ENTITY-LEVEL INCOME TAX PAID BY SHAREHOLDERS  
11 OR BENEFICIARIES

12 Sec. 76. Section 422.8, subsection 1, Code 2020, is amended  
13 to read as follows:

14 1. a. The amount of income tax paid to another state or  
15 foreign country by a resident taxpayer of this state on income  
16 derived from sources outside of Iowa shall be allowed as a  
17 credit against the tax computed under this chapter, except that  
18 the credit shall not exceed what the amount of the Iowa tax  
19 would have been on the same income which was taxed by the other  
20 state or foreign country. The limitation on this credit shall  
21 be computed according to the following formula: Income earned  
22 outside of Iowa and taxed by another state or foreign country  
23 shall be divided by the total income of the resident taxpayer  
24 of Iowa. This quotient multiplied ~~times~~ by the net Iowa tax as  
25 determined on the total income of the taxpayer as if entirely  
26 earned in Iowa shall be the maximum tax credit against the Iowa  
27 net tax.

28 b. (1) For purposes of paragraph "a", a resident partner  
29 of an entity taxed as a partnership for federal tax purposes,  
30 a resident shareholder of an S corporation, or a resident  
31 beneficiary of an estate or trust shall be deemed to have paid  
32 the resident partner's, resident shareholder's, or resident  
33 beneficiary's pro rata share of entity-level income tax paid  
34 by the partnership, S corporation, estate, or trust to another  
35 state or foreign country on income that is also subject to

1 tax under this division, but only if the entity provides the  
2 resident partner, resident shareholder, or resident beneficiary  
3 a statement that documents the resident partner's, resident  
4 shareholder's, or resident beneficiary's share of the income  
5 derived in the other state or foreign country, the income tax  
6 liability of the entity in that state or foreign country, and  
7 the income tax paid by the entity to that state or foreign  
8 country.

9 (2) For purposes of paragraph "a", a resident shareholder of  
10 a regulated investment company shall be deemed to have paid the  
11 shareholder's pro rata share of entity-level income tax paid by  
12 the regulated investment company to another state or foreign  
13 country and treated as paid by its shareholders pursuant to  
14 section 853 of the Internal Revenue Code, but only if the  
15 regulated investment company provides the resident shareholder  
16 a statement that documents the resident shareholder's share of  
17 the income derived in the other state or foreign country, the  
18 income tax liability of the regulated investment company in  
19 that state or foreign country, and the income tax paid by the  
20 regulated investment company to that state or foreign country.

21 Sec. 77. EFFECTIVE DATE. This division of this Act, being  
22 deemed of immediate importance, takes effect upon enactment.

23 Sec. 78. RETROACTIVE APPLICABILITY. This division of this  
24 Act applies retroactively to January 1, 2020, for tax years  
25 beginning on or after that date.

26 DIVISION VIII

27 BONUS DEPRECIATION

28 Sec. 79. Section 422.7, subsections 51 and 52, Code 2020,  
29 are amended by striking the subsections.

30 Sec. 80. Section 422.9, subsection 2, paragraph h, Code  
31 2020, is amended to read as follows:

32 h. For purposes of calculating the deductions in this  
33 subsection that are authorized under the Internal Revenue Code,  
34 and to the extent that any of such deductions is determined by  
35 an individual's federal adjusted gross income, the individual's

1 federal adjusted gross income is computed in accordance with  
2 section 422.7, subsections 39, 39A, 39B, ~~51, 52,~~ and 53.

3 Sec. 81. Section 422.35, subsections 14 and 15, Code 2020,  
4 are amended by striking the subsections.

5 Sec. 82. PRESERVATION OF EXISTING RIGHTS. The sections of  
6 this division striking section 422.7, subsections 51 and 52,  
7 and section 422.35, subsections 14 and 15, respectively, shall  
8 not limit, modify, or otherwise adversely affect a taxpayer's  
9 right to deduct for a tax year beginning on or after January 1,  
10 2020, any amount determined under section 422.7, subsection 52,  
11 paragraph "b", subparagraph (3), Code 2020, or under section  
12 422.35, subsection 15, paragraph "b", subparagraph (3), Code  
13 2020, for a tax year beginning prior to January 1, 2020.

14 Sec. 83. RETROACTIVE APPLICABILITY. This division of this  
15 Act applies retroactively to January 1, 2020, for tax years  
16 beginning on or after that date.

17 DIVISION IX

18 MARRIED TAXPAYERS — JOINT LIABILITY

19 Sec. 84. Section 422.21, subsection 7, Code 2020, is amended  
20 to read as follows:

21 7. If married taxpayers file a joint return or file  
22 separately on a combined return in accordance with rules  
23 prescribed by the director, both spouses are jointly and  
24 severally liable for the total tax due on the return, except  
25 when one spouse is ~~considered to be an innocent spouse~~ eligible  
26 for relief under criteria established pursuant to section 6015  
27 of the Internal Revenue Code. The department may notify the  
28 nonrequesting spouse or former spouse and permit, by rule, the  
29 intervention of a nonrequesting spouse or former spouse when  
30 relief from joint and several liability is requested.

31 Sec. 85. EFFECTIVE DATE. This division of this Act, being  
32 deemed of immediate importance, takes effect upon enactment.

33 DIVISION X

34 SALES TAX PAID BY THIRD-PARTY DEVELOPERS

35 Sec. 86. Section 15.331C, subsection 2, Code 2020, is



1 amended to read as follows:

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

1 which the tax credit is claimed. A tax credit certificate  
2 shall contain the eligible business's name, address, tax  
3 identification number, the amount of the tax credit, and other  
4 information deemed necessary by the department of revenue.  
5 An individual under this section may claim a tax credit of  
6 a partnership, limited liability company, S corporation,  
7 estate, or trust electing to have income taxed directly to  
8 the individual. The amount claimed by the individual shall  
9 be based upon the pro rata share of the individual's earnings  
10 from the partnership, limited liability company, S corporation,  
11 estate, or trust.

12 Sec. 87. NEW SECTION. 422.120 Corporate tax credit for  
13 certain sales taxes paid by third-party developer.

14 The taxes imposed under this division, less the credits  
15 allowed under section 422.12, shall be reduced by a corporate  
16 tax credit authorized pursuant to section 15.331C for certain  
17 sales taxes paid by a third-party developer.

18 Sec. 88. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 Sec. 89. RETROACTIVE APPLICABILITY. This division of this  
21 Act applies retroactively to January 1, 2020, for tax years  
22 beginning on or after that date.

23 DIVISION XI

24 IOWA EDUCATIONAL SAVINGS PLAN TRUST (529 PLANS)

25 Sec. 90. Section 12D.1, subsection 2, paragraph k, Code  
26 2020, is amended to read as follows:

27 *k. "Qualified education expenses" means the same as*  
28 *"qualified higher education expenses" as defined in section*  
29 *529(e)(3) of the Internal Revenue Code, as amended by Pub. L.*  
30 *No. 115-97, and shall include elementary and secondary school*  
31 *expenses for tuition described in section 529(c)(7) of the*  
32 *Internal Revenue Code, subject to the limitations imposed by*  
33 *section 529(e)(3)(A) of the Internal Revenue Code. "Qualified*  
34 *education expenses" includes expenses for the participation*  
35 *in an apprenticeship program registered and certified with*

1 the United States secretary of labor under section 1 of the  
2 National Apprenticeship Act, 29 U.S.C. §50, and amounts paid as  
3 principal or interest on any qualified education loan on behalf  
4 of a beneficiary or a sibling of the beneficiary, subject to  
5 the limitations imposed by section 529(c)(9)(B) and (C) of the  
6 Internal Revenue Code.

7 Sec. 91. Section 12D.1, subsection 2, Code 2020, is amended  
8 by adding the following new paragraphs:

9 NEW PARAGRAPH. 01. *“Qualified education loan”* means the  
10 same as “qualified education loan” as defined in section 221(d)  
11 of the Internal Revenue Code.

12 NEW PARAGRAPH. 0m. *“Sibling”* means a brother, sister,  
13 stepbrother, or stepsister of the beneficiary.

14 Sec. 92. Section 422.7, subsection 32, paragraph c,  
15 subparagraph (1), Code 2020, is amended by adding the following  
16 new subparagraph divisions:

17 NEW SUBPARAGRAPH DIVISION. (d) The payment of expenses  
18 for fees, books, supplies, and equipment required for the  
19 participation of a beneficiary in an apprenticeship program.

20 NEW SUBPARAGRAPH DIVISION. (e) The payment of qualified  
21 education loan repayments.

22 Sec. 93. Section 422.7, subsection 32, paragraph c,  
23 subparagraph (2), Code 2020, is amended by adding the following  
24 new subparagraph divisions:

25 NEW SUBPARAGRAPH DIVISION. (0a) *“Apprenticeship program”*  
26 means a program registered and certified with the United  
27 States secretary of labor under section 1 of the National  
28 Apprenticeship Act, 29 U.S.C. §50.

29 NEW SUBPARAGRAPH DIVISION. (0c) *“Qualified education loan”*  
30 means the same as defined in section 12D.1, subsection 2.

31 NEW SUBPARAGRAPH DIVISION. (00c) *“Qualified education loan*  
32 *repayments”* means amounts paid as principal or interest on any  
33 qualified education loan of the beneficiary or a sibling of  
34 the beneficiary. The repayment amounts shall not exceed ten  
35 thousand dollars in the aggregate for the beneficiary or the

1 sibling, respectively.

2 NEW SUBPARAGRAPH DIVISION. (d) "*Sibling*" means the same as  
3 defined in section 12D.1, subsection 2.

4 Sec. 94. EFFECTIVE DATE. This division of this Act, being  
5 deemed of immediate importance, takes effect upon enactment.

6 Sec. 95. RETROACTIVE APPLICABILITY. This division of this  
7 Act applies retroactively to January 1, 2019, for tax years  
8 beginning on or after that date.

9

DIVISION XII

10 IOWA EDUCATIONAL SAVINGS ACCOUNT AND FIRST-TIME HOMEBUYER  
11 ACCOUNT — EXTENSIONS

12 Sec. 96. EXTENSION OF IOWA EDUCATIONAL SAVINGS ACCOUNT  
13 CONTRIBUTION DEDUCTION FOR TAX YEAR 2019. Notwithstanding any  
14 provision of law to the contrary, in determining the deduction  
15 provided under section 422.7, subsection 32, paragraph "a",  
16 for tax years beginning during the 2019 calendar year, a  
17 participant who makes a contribution to the Iowa educational  
18 savings plan trust pursuant to section 12D.3, subsection 1, on  
19 or after January 1, 2020, but on or before July 31, 2020, may  
20 elect to be deemed to have made the contribution on the last  
21 day of calendar year 2019.

22 Sec. 97. EXTENSION OF IOWA FIRST-TIME HOMEBUYER ACCOUNT AND  
23 BENEFICIARY DESIGNATION FOR ACCOUNTS OPENED IN 2019.

24 1. Notwithstanding section 541B.3, subsection 1, paragraph  
25 "a", or any other provision of law to the contrary, an  
26 individual who opened a first-time homebuyer account during  
27 calendar year 2019 and who wishes to participate in the Iowa  
28 first-time homebuyer savings account program shall designate  
29 the account as a first-time homebuyer account on or before July  
30 31, 2020, on forms provided by the department of revenue.

31 2. Notwithstanding section 541B.3, subsection 2, paragraph  
32 "a", or any other provision of law to the contrary, an  
33 individual who opened a first-time homebuyer account during  
34 calendar year 2019 and who wishes to participate in the Iowa  
35 first-time homebuyer savings account program shall designate an

1 individual as beneficiary of the first-time homebuyer savings  
2 account on or before July 31, 2020, on forms provided by the  
3 department of revenue.

4 Sec. 98. EFFECTIVE DATE. This division of this Act, being  
5 deemed of immediate importance, takes effect upon enactment.

6 DIVISION XIII

7 QUALIFYING PERSONAL PROTECTION EQUIPMENT — DONATION

8 Sec. 99. Section 423.6, Code 2020, is amended by adding the  
9 following new subsection:

10 NEW SUBSECTION. 18. Qualifying personal protective  
11 equipment and materials which are assembled to become  
12 qualifying personal protective equipment. For purposes of this  
13 subsection, "*qualifying personal protective equipment*" means  
14 personal protective equipment that is assembled and donated by  
15 a person during the period beginning with a state of disaster  
16 emergency proclamation by the governor under section 29C.6 and  
17 ending one hundred eighty days after the expiration of such  
18 proclamation.

19 Sec. 100. REFUNDS. Refunds of taxes, interest, or penalties  
20 that arise from claims resulting from the enactment of this  
21 division of this Act, for donations occurring prior to the  
22 effective date of this division of this Act, shall not be  
23 allowed unless claims are filed prior to October 1, 2020,  
24 notwithstanding any other provision of the law to the contrary.

25 Sec. 101. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 102. RETROACTIVE APPLICABILITY. This division of this  
28 Act applies retroactively to January 1, 2020, for qualifying  
29 personal protective equipment and materials assembled and  
30 donated on or after that date.

31 DIVISION XIV

32 SHORT-TERM RENTAL PROPERTIES

33 Sec. 103. Section 331.301, Code 2020, is amended by adding  
34 the following new subsection:

35 NEW SUBSECTION. 18. a. For purposes of this subsection,

1 *"short-term rental property"* means any individually or  
2 collectively owned single-family house or dwelling unit;  
3 any unit or group of units in a condominium, cooperative,  
4 or timeshare; or an owner-occupied residential home that is  
5 offered for a fee for thirty days or less. *"Short-term rental*  
6 *property"* does not include a unit that is used for any retail,  
7 restaurant, banquet space, event center, or other similar use.

8     *b.* A county shall not adopt or enforce any ordinance  
9 prohibiting short-term rental properties within the county. A  
10 short-term rental property shall be classified as a residential  
11 land use for zoning purposes.

12     *c.* Notwithstanding paragraph *"b"*, a county may enact or  
13 enforce an ordinance that regulates, prohibits, or otherwise  
14 limits short-term rental properties for the following primary  
15 purposes if enforcement is performed in the same manner as  
16 enforcement applicable to similar properties that are not  
17 short-term rental properties:

18         (1) Protection of public health and safety related to fire  
19 and building safety, sanitation, or traffic control.

20         (2) Residential use and zoning purposes related to noise,  
21 property maintenance, or nuisance issues.

22         (3) Limitation or prohibition of use of property to house  
23 sex offenders; to manufacture, exhibit, distribute, or sell  
24 illegal drugs, liquor, pornography, or obscenity; or to operate  
25 an adult-oriented entertainment establishment as described in  
26 section 239B.5, subsection 4, paragraph *"a"*.

27         (4) To provide the county with an emergency contact for a  
28 short-term rental property.

29     Sec. 104. Section 414.1, subsection 1, Code 2020, is amended  
30 by adding the following new paragraphs:

31     NEW PARAGRAPH. *e.* A city shall not adopt or enforce any  
32 regulation, restriction, or other ordinance related to distance  
33 separation requirements for single-family homes or duplexes.

34     NEW PARAGRAPH. *f.* (1) For purposes of this paragraph,  
35 *"short-term rental property"* means any individually or

1 collectively owned single-family house or dwelling unit;  
2 any unit or group of units in a condominium, cooperative,  
3 or timeshare; or an owner-occupied residential home that is  
4 offered for a fee for thirty days or less. "Short-term rental  
5 property" does not include a unit that is used for any retail,  
6 restaurant, banquet space, event center, or other similar use.

7 (2) A city shall not adopt or enforce any ordinance  
8 prohibiting short-term rental properties within the city. A  
9 short-term rental property shall be classified as a residential  
10 land use for zoning purposes.

11 (3) Notwithstanding subparagraph (2), a city may enact or  
12 enforce an ordinance that regulates, prohibits, or otherwise  
13 limits short-term rental properties for the following primary  
14 purposes if enforcement is performed in the same manner as  
15 enforcement applicable to similar properties that are not  
16 short-term rental properties:

17 (a) Protection of public health and safety related to fire  
18 and building safety, sanitation, or traffic control.

19 (b) Residential use and zoning purposes related to noise,  
20 property maintenance, or nuisance issues.

21 (c) Limitation or prohibition of use of property to house  
22 sex offenders; to manufacture, exhibit, distribute, or sell  
23 illegal drugs, liquor, pornography, or obscenity; or to operate  
24 an adult-oriented entertainment establishment as described in  
25 section 239B.5, subsection 4, paragraph "a".

26 (d) To provide the city with an emergency contact for a  
27 short-term rental property.

28 DIVISION XV

29 FUTURE TAX CHANGES

30 Sec. 105. 2018 Iowa Acts, chapter 1161, section 133, is  
31 amended by striking the section and inserting in lieu thereof  
32 the following:

33 SEC. 133. This division of this Act takes effect January 1,  
34 2023.

35 DIVISION XVI

1 BUSINESS INTEREST EXPENSE DEDUCTION AND GLOBAL INTANGIBLE  
2 LOW-TAXED INCOME

3 Sec. 106. Section 422.7, Code 2020, is amended by adding the  
4 following new subsection:

5 NEW SUBSECTION. 59. a. Section 163(j) of the Internal  
6 Revenue Code does not apply in computing net income for state  
7 tax purposes. If the taxpayer's federal adjusted gross income  
8 for the tax year was increased or decreased by reason of the  
9 application of section 163(j) of the Internal Revenue Code,  
10 the taxpayer shall recompute net income for state tax purposes  
11 under rules prescribed by the director.

12 b. Paragraph "a" shall not apply during any tax year  
13 in which the additional first-year depreciation allowance  
14 authorized in section 168(k) of the Internal Revenue Code  
15 applies in computing net income for state tax purposes.

16 c. For any tax year in which paragraph "a" does not apply,  
17 a taxpayer shall not be permitted to deduct any amount of  
18 interest expense paid or accrued in a previous taxable year  
19 that is allowed as a deduction in the current taxable year by  
20 reason of the carryforward of disallowed business interest  
21 provisions of section 163(j)(2) of the Internal Revenue Code,  
22 if either of the following apply:

23 (1) The interest expense was originally paid or accrued  
24 during a tax year in which paragraph "a" applied.

25 (2) The interest expense was originally paid or accrued  
26 during a tax year in which the taxpayer was not required to  
27 file an Iowa return.

28 Sec. 107. Section 422.35, Code 2020, is amended by adding  
29 the following new subsections:

30 NEW SUBSECTION. 26. a. Section 163(j) of the Internal  
31 Revenue Code does not apply in computing net income for state  
32 tax purposes. If the taxpayer's federal taxable income for  
33 the tax year was increased or decreased by reason of the  
34 application of section 163(j) of the Internal Revenue Code,  
35 the taxpayer shall recompute net income for state tax purposes



1 under rules prescribed by the director.

2     *b.* Paragraph "a" shall not apply during any tax year  
3 in which the additional first-year depreciation allowance  
4 authorized in section 168(k) of the Internal Revenue Code  
5 applies in computing net income for state tax purposes.

6     *c.* For any tax year in which paragraph "a" does not apply,  
7 a taxpayer shall not be permitted to deduct any amount of  
8 interest expense paid or accrued in a previous taxable year  
9 that is allowed as a deduction in the current taxable year by  
10 reason of the carryforward of disallowed business interest  
11 provisions of section 163(j)(2) of the Internal Revenue Code,  
12 if either of the following apply:

13     (1) The interest expense was originally paid or accrued  
14 during a tax year in which paragraph "a" applied.

15     (2) The interest expense was originally paid or accrued  
16 during a tax year in which the taxpayer was not required to  
17 file an Iowa return.

18     NEW SUBSECTION. 27. Subtract, to the extent included,  
19 global intangible low-taxed income under section 951A of the  
20 Internal Revenue Code.

21     Sec. 108. RESCISSION OF ADMINISTRATIVE RULES.

22     1. Contingent upon the enactment of the section of this  
23 Act amending section 422.35, subsection 27, the following Iowa  
24 administrative rules are rescinded:

25     *a.* 701 Iowa administrative code, rule 54.2, subrule 3,  
26 paragraph "i".

27     *b.* 701 Iowa administrative code, rule 59.28, subrule 2,  
28 paragraph "p".

29     2. As soon as practicable, the Iowa administrative code  
30 editor shall remove the language of the Iowa administrative  
31 rules referenced in subsection 1 of this section from the Iowa  
32 administrative code.

33     Sec. 109. EFFECTIVE DATE. This Act, being deemed of  
34 immediate importance, takes effect upon enactment.

35     Sec. 110. RETROACTIVE APPLICABILITY. The following applies

1 retroactively to January 1, 2019, for tax years beginning on  
2 or after that date:

3 The portion of the section of this division of this Act  
4 enacting section 422.35, subsection 27.

5 Sec. 111. RETROACTIVE APPLICABILITY. The following apply  
6 retroactively to January 1, 2020 for tax years beginning on or  
7 after that date:

8 1. The section of this division of this Act enacting section  
9 422.7, subsection 59.

10 2. The portion of the section of this division of this Act  
11 enacting section 422.35, subsection 26.

12 DIVISION XVII

13 REINVESTMENT ACT

14 Sec. 112. Section 15J.2, subsections 4, 7, 8, and 9, Code  
15 2020, are amended to read as follows:

16 4. *"District"* means the area ~~within a municipality~~ that is  
17 designated a reinvestment district pursuant to [section 15J.4](#).

18 7. *"Municipality"* means ~~a county or an incorporated city.~~  
19 any of the following:

20 a. A county.

21 b. An incorporated city.

22 c. A joint board or other legal entity established or  
23 designated in an agreement between two or more contiguous  
24 municipalities identified in paragraph "a" or "b" pursuant to  
25 chapter 28E.

26 8. a. *"New lessor"* means a lessor, as defined in section  
27 423A.2, operating a business in the district that was not in  
28 operation in the area of the district before the effective  
29 date of the ordinance or resolution establishing the district,  
30 regardless of ownership.

31 b. *"New lessor"* also includes any lessor, defined in section  
32 423A.2, operating a business in the district if the place of  
33 business for that business is the subject of a project that was  
34 approved by the board.

35 9. a. *"New retail establishment"* means a business operated

1 in the district by a retailer, as defined in [section 423.1](#),  
2 that was not in operation in the area of the district before  
3 the effective date of the ordinance or resolution establishing  
4 the district, regardless of ownership.

5 b. "New retail establishment" also includes any business  
6 operated in the district by a retailer, as defined in section  
7 423.1, if the place of business for that retail establishment  
8 is the subject of a project that was approved by the board.

9 Sec. 113. Section 15J.4, subsection 1, unnumbered paragraph  
10 1, Code 2020, is amended to read as follows:

11 A municipality that has an area suitable for development  
12 within the boundaries of the municipality or within the  
13 combined boundaries of a municipality under section 15J.2,  
14 subsection 7, paragraph "c", is eligible to seek approval from  
15 the board to establish a reinvestment district under this  
16 section consisting of the area suitable for development. To  
17 be designated a reinvestment district, an area shall meet the  
18 following requirements:

19 Sec. 114. Section 15J.4, subsection 1, paragraphs c and d,  
20 Code 2020, are amended to read as follows:

21 c. The For districts approved before July 1, 2018, the area  
22 consists of contiguous parcels and does not exceed twenty-five  
23 acres in total. For districts approved on or after July 1,  
24 2020, the area consists of contiguous parcels and does not  
25 exceed seventy-five acres in total.

26 d. For a municipality that is a city or for a city that  
27 is party to an agreement under section 15J.2, subsection 7,  
28 paragraph "c", the area does not include the entire incorporated  
29 area of the city.

30 Sec. 115. Section 15J.4, subsection 3, paragraph a, Code  
31 2020, is amended to read as follows:

32 a. The municipality shall submit a copy of the resolution,  
33 the proposed district plan, and all accompanying materials  
34 adopted pursuant to [this section](#) to the board for evaluation.  
35 The board shall not approve a proposed district plan on or

1 after July 1, ~~2018~~ 2025.

2 Sec. 116. Section 15J.4, subsection 3, paragraph b,  
3 subparagraph (6), Code 2020, is amended to read as follows:

4 (6) The amount of proposed capital investment within the  
5 proposed district related to retail businesses in the proposed  
6 district does not exceed fifty percent of the total capital  
7 investment for all proposed projects in the proposed district  
8 plan. For the purposes of this subparagraph, "*retail business*"  
9 means any business engaged in the business of selling tangible  
10 personal property or taxable services at retail in this state  
11 that is obligated to collect state sales or use tax under  
12 chapter 423. However, for the purposes of this subparagraph,  
13 "*retail business*" does not include a new lessor or a business  
14 engaged in an activity subject to tax under section 423.2,  
15 subsection 3.

16 Sec. 117. Section 15J.4, subsection 3, paragraph f, Code  
17 2020, is amended to read as follows:

18 *f.* (1) The total aggregate amount of state sales tax  
19 revenues and state hotel and motel tax revenues that may be  
20 approved by the board for remittance to all municipalities and  
21 that may be transferred to the state reinvestment district  
22 fund under section 423.2A or 423A.6, and remitted to all  
23 municipalities having a reinvestment district under this  
24 chapter for districts approved by the board before July 1,  
25 2018, shall not exceed one hundred million dollars.

26 (2) The total aggregate amount of state sales tax revenues  
27 and state hotel and motel tax revenues that may be approved by  
28 the board for remittance to all municipalities and that may  
29 be transferred to the state reinvestment district fund under  
30 section 423.2A or 423A.6, and remitted to all municipalities  
31 having a reinvestment district under this chapter for districts  
32 approved on or after July 1, 2020, but before July 1, 2025,  
33 shall not exceed one hundred million dollars.

34 Sec. 118. Section 15J.4, subsections 4 and 5, Code 2020, are  
35 amended to read as follows:

1 4. a. Upon receiving the approval of the board, the  
2 municipality ~~may~~ shall adopt an ordinance, or in the case of  
3 a municipality under section 15J.2, subsection 7, paragraph  
4 "c", a resolution, establishing the district and shall notify  
5 the director of revenue of the district's commencement date  
6 established by the board and the information required under  
7 paragraph "b" no later than thirty days after adoption of the  
8 ordinance or resolution.

9 b. For each district approved by the board on or after July  
10 1, 2020, the municipality shall include in the notification  
11 under paragraph "a" and in the statement required under  
12 paragraph "c" all of the following:

13 (1) For each new retail establishment under section 15J.2,  
14 subsection 9, paragraph "b", that was in operation before  
15 the establishment of the district, the monthly amount of  
16 sales subject to the state sales tax from the most recently  
17 available twelve-month period preceding the establishment of  
18 the district.

19 (2) For each new lessor under section 15J.2, subsection 8,  
20 paragraph "b", that was in operation before the establishment  
21 of the district, the monthly amount of sales subject to the  
22 state hotel and motel tax from the most recently available  
23 twelve-month period preceding the establishment of the  
24 district.

25 c. The ordinance or resolution adopted by the municipality  
26 shall include the district's commencement date and a detailed  
27 statement of the manner in which the approved projects to be  
28 undertaken in the district will be financed, including but not  
29 limited to the financial information included in the project  
30 plan under subsection 2, paragraph "d".

31 d. Following establishment of the district, a municipality  
32 may use the moneys deposited in the municipality's reinvestment  
33 project fund created pursuant to section 15J.7 to fund the  
34 development of those projects included within the district  
35 plan.

1 5. A municipality may amend the district plan to add  
2 or modify projects. However, a proposed modification to a  
3 project and each project proposed to be added shall first be  
4 approved by the board in the same manner as provided for the  
5 original plan. In no case, however, shall an amendment to the  
6 district plan result in the extension of the commencement date  
7 established by the board. If a district plan is amended to  
8 add or modify a project, the municipality shall, if necessary,  
9 amend the ordinance or resolution, as applicable, if necessary,  
10 to reflect any changes to the financial information required to  
11 be included under subsection 4.

12 Sec. 119. Section 15J.5, subsection 1, paragraph b, Code  
13 2020, is amended to read as follows:

14 b. (1) The For districts established before July 1,  
15 2020, the amount of new state sales tax revenue for purposes  
16 of paragraph "a" shall be the product of the amount of sales  
17 subject to the state sales tax in the district during the  
18 quarter from new retail establishments times four percent.

19 (2) For districts established on or after July 1, 2020, the  
20 amount of new state sales tax revenue for purposes of paragraph  
21 "a" shall be the product of four percent times the remainder of  
22 amount of sales subject to the state sales tax in the district  
23 during the quarter from new retail establishments minus the sum  
24 of the sales from the corresponding quarter of the twelve-month  
25 period determined under section 15J.4, subsection 4, paragraph  
26 "b", subparagraph (1), for new retail establishments identified  
27 under section 15J.4, subsection 4, paragraph "b", subparagraph  
28 (1), that were in operation at the end of the quarter.

29 Sec. 120. Section 15J.5, subsection 2, paragraph b, Code  
30 2020, is amended to read as follows:

31 b. (1) The For districts established before July 1,  
32 2020, the amount of new state hotel and motel tax revenue for  
33 purposes of paragraph "a" shall be the product of the amount of  
34 sales subject to the state hotel and motel tax in the district  
35 during the quarter from new lessors times the state hotel and

1 motel tax rate imposed under [section 423A.3](#).

2 (2) For districts established on or after July 1, 2020, the  
3 amount of new state hotel and motel tax revenue for purposes of  
4 paragraph "a" shall be the product of the state hotel and motel  
5 tax rate imposed under section 423A.3 times the remainder of  
6 amount of sales subject to the state hotel and motel tax in the  
7 district during the quarter from new lessors minus the sum of  
8 the sales from the corresponding quarter of the twelve month  
9 period determined under section 15J.4, subsection 4, paragraph  
10 "b", subparagraph (2), for new lessors identified under section  
11 15J.4, subsection 4, paragraph "b", subparagraph (2), that were  
12 in operation at the end of the quarter.

13 Sec. 121. Section 15J.7, subsection 4, paragraph b, Code  
14 2020, is amended to read as follows:

15 *b.* For the purposes of [this subsection](#), "*relocation*"  
16 means the closure or substantial reduction of an enterprise's  
17 existing operations in one area of the state and the initiation  
18 of substantially the same operation in the same county or a  
19 contiguous county in the state. However, if the initiation  
20 of operations includes an expanded scope or nature of the  
21 enterprise's existing operations, the new operation shall  
22 not be considered to be substantially the same operation.  
23 "*Relocation*" does not include an enterprise expanding its  
24 operations in another area of the state provided that existing  
25 operations of a similar nature are not closed or substantially  
26 reduced.

27 Sec. 122. Section 15J.7, subsection 6, Code 2020, is amended  
28 to read as follows:

29 6. Upon dissolution of a district pursuant to [section 15J.8](#),  
30 moneys remaining in the reinvestment project fund that were  
31 deposited pursuant to [subsection 2](#) and all interest remaining  
32 in the fund that was earned on such amounts shall be deposited  
33 in the general fund of the municipality or, for a municipality  
34 under section 15J.2, subsection 7, paragraph "c", the governing  
35 body shall allocate such amounts to the participating cities

1 and counties for deposit in each city or county general fund  
2 according to the chapter 28E agreement.

3 Sec. 123. Section 15J.8, Code 2020, is amended to read as  
4 follows:

5 **15J.8 End of deposits — district dissolution.**

6 1. As of the date twenty years after the district's  
7 commencement date, the department shall cease to deposit state  
8 sales tax revenues and state hotel and motel tax revenues into  
9 the district's account within the fund, unless the municipality  
10 dissolves the district by ordinance or resolution prior to that  
11 date. Following the expiration of the twenty-year period, the  
12 district shall be dissolved by ordinance or resolution of the  
13 municipality adopted within twelve months of the conclusion of  
14 the twenty-year period.

15 2. If the municipality dissolves the district by ordinance  
16 or resolution prior to the expiration of the twenty-year  
17 period specified in **subsection 1**, the municipality shall  
18 notify the director of revenue of the dissolution as soon as  
19 practicable after adoption of the ordinance or resolution, and  
20 the department shall, as of the effective date of dissolution,  
21 cease to deposit state sales tax revenues and state hotel and  
22 motel tax revenues into the district's account within the fund.

23 3. Upon request of the municipality prior to the dissolution  
24 of the district, and following a determination by the board  
25 that the amounts of new state sales tax revenue and new state  
26 hotel and motel tax revenue deposited in the municipality's  
27 reinvestment project fund under section 15J.7 are substantially  
28 lower than the amounts established by the board under section  
29 15J.4, subsection 3, paragraph "e", the board may extend  
30 the district's twenty-year period of time for depositing and  
31 receiving revenues under this chapter by up to five additional  
32 years if such an extension is in the best interest of the  
33 public.

34 DIVISION XVIII  
35 INNOVATION FUNDS



1     Sec. 124. Section 15.119, subsection 2, paragraphs d and e,  
2 Code 2020, are amended to read as follows:

3     *d.* The tax credits for investments in qualifying businesses  
4 issued pursuant to [section 15E.43](#). In allocating tax credits  
5 pursuant to [this subsection](#), the authority shall allocate at  
6 least two million and not more than four million dollars for  
7 purposes of this paragraph, unless the authority determines  
8 that the tax credits awarded will be less than that amount.

9     *e.* The tax credits for investments in an innovation fund  
10 pursuant to [section 15E.52](#). In allocating tax credits pursuant  
11 to [this subsection](#), the authority shall allocate at least six  
12 million and not more than eight million dollars for purposes of  
13 this paragraph, unless the authority determines that the tax  
14 credits awarded will be less than that amount.

15     Sec. 125. Section 15.119, Code 2020, is amended by adding  
16 the following new subsection:

17     NEW SUBSECTION. 2A. On or before June 30 of each year,  
18 the authority shall determine the amount of tax credits that  
19 shall be issued pursuant to sections 15E.43 and 15E.52 for  
20 the following fiscal year. In allocating the amount of tax  
21 credits authorized pursuant to subsection 1 among the programs  
22 specified in subsection 2, the aggregate amount allocated by  
23 the authority for purposes of subsection 2, paragraphs “d” and  
24 “e”, shall not exceed ten million dollars.

25     Sec. 126. Section 15E.43, subsection 2, paragraphs b and c,  
26 Code 2020, are amended to read as follows:

27     *b.* The maximum amount of a tax credit that may be issued  
28 per ~~calendar~~ fiscal year to a natural person and the person’s  
29 spouse or dependent shall not exceed one hundred thousand  
30 dollars combined. For purposes of this paragraph, a tax  
31 credit issued to a partnership, limited liability company, S  
32 corporation, estate, or trust electing to have income taxed  
33 directly to the individual shall be deemed to be issued to  
34 the individual owners based upon the pro rata share of the  
35 individual’s earnings from the entity. For purposes of this

1 paragraph, "dependent" has the same meaning as provided by the  
2 Internal Revenue Code.

3 c. The maximum amount of tax credits that may be issued  
4 per ~~calendar~~ fiscal year for equity investments in any one  
5 qualifying business shall not exceed five hundred thousand  
6 dollars.

7 Sec. 127. EFFECTIVE DATE. This division of this Act, being  
8 deemed of immediate importance, takes effect upon enactment.

9 DIVISION XIX

10 CAPITAL GAINS

11 Sec. 128. Section 422.7, Code 2020, is amended by adding the  
12 following new subsection:

13 NEW SUBSECTION. 21A. Subtract, to the extent included,  
14 for tax years beginning on or after the 2020 calendar year and  
15 not already deducted under another provision of this section,  
16 fifteen percent of the taxpayer's net capital gain as defined  
17 in section 1222 of the Internal Revenue Code.

18 Sec. 129. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 Sec. 130. RETROACTIVE APPLICABILITY. This division of this  
21 Act applies retroactively to January 1, 2020, for tax years  
22 beginning on or after that date.

23 DIVISION XX

24 LOCAL ASSESSORS

25 Sec. 131. Section 441.6, subsection 2, Code 2020, is amended  
26 to read as follows:

27 2. Upon receipt of the report of the examining board, the  
28 chairperson of the conference board shall by written notice  
29 call a meeting of the conference board to appoint an assessor.  
30 The meeting shall be held not later than seven days after the  
31 receipt of the report of the examining board by the conference  
32 board. At the meeting, the conference board shall appoint an  
33 assessor from the register of eligible candidates. However,  
34 if a special examination has not been conducted previously for  
35 the same vacancy, the conference board may request the director

1 of revenue to hold a special examination pursuant to section  
2 441.7. The chairperson of the conference board shall give  
3 written notice to the director of revenue of the appointment  
4 ~~and its effective date~~ within ten days of the decision of the  
5 board.

6 Sec. 132. Section 441.6, Code 2020, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 3. The appointee selected by the conference  
9 board under subsection 2 shall not assume the office of city  
10 or county assessor until such appointment is confirmed by  
11 the director of revenue. If the director of revenue rejects  
12 the appointment, the examining board shall conduct a new  
13 examination and submit a new report to the conference board  
14 under subsection 1. The director of revenue shall adopt rules  
15 pursuant to chapter 17A to implement and administer this  
16 subsection.

17 Sec. 133. Section 441.17, subsection 2, Code 2020, is  
18 amended to read as follows:

19 2. Cause to be assessed, in accordance with [section 441.21](#),  
20 all the property in the assessor's county or city, except  
21 property exempt from taxation, or the assessment of which is  
22 otherwise provided for by law. However, an assessor or deputy  
23 assessor shall not personally assess a property if the person  
24 or a member of the person's immediate family owns the property,  
25 has a financial interest in the property, or has a financial  
26 interest in the entity that owns the property. The director of  
27 revenue shall adopt rules pursuant to chapter 17A to implement  
28 and administer this subsection.

29 Sec. 134. Section 441.41, Code 2020, is amended to read as  
30 follows:

31 **441.41 Legal counsel.**

32 In the case of cities having an assessor, the city legal  
33 department shall represent the assessor and board of review  
34 in all litigation dealing with assessments. In the case of  
35 counties, the county attorney shall represent the assessor and

1 board of review in all litigation dealing with assessments.  
2 Any taxing district interested in the taxes received from such  
3 assessments may be represented by an attorney and shall be  
4 required to appear by attorney upon written request of the  
5 assessor to the presiding officer of any such taxing district.  
6 The Subject to review and prior approval by either the city  
7 legal department in the case of a city or the county attorney  
8 in the case of a county, the conference board may employ  
9 special counsel to assist the city legal department or county  
10 attorney as the case may be.

11 DIVISION XXI

12 RURAL IMPROVEMENT ZONES

13 Sec. 135. Section 357H.1, subsection 1, Code 2020, is  
14 amended to read as follows:

15 1. The board of supervisors of a county with less than  
16 twenty thousand residents, not counting persons admitted or  
17 committed to an institution enumerated in [section 218.1](#) or  
18 904.102, based upon the most recent certified federal census,  
19 and with a private ~~lake~~ real estate development adjacent to or  
20 abutting in part a lake may designate an area surrounding the  
21 lake, if it is an unincorporated area of the county, a rural  
22 improvement zone upon receipt of a petition pursuant to section  
23 357H.2, and upon the board's determination that the area is in  
24 need of improvements.

25 Sec. 136. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 137. APPLICABILITY. This division of this Act applies  
28 to rural improvement zones in existence on or established on or  
29 after the effective date of this division of this Act.

30 DIVISION XXII

31 SCHOOL TUITION ORGANIZATION TAX CREDIT

32 Sec. 138. Section 422.11S, subsection 8, paragraph a,  
33 subparagraph (2), Code 2020, is amended to read as follows:

34 (2) (a) *"Total approved tax credits"* means for the 2006  
35 calendar year, two million five hundred thousand dollars, for

1 the 2007 calendar year, five million dollars, for calendar  
2 years beginning on or after January 1, 2008, but before January  
3 1, 2012, seven million five hundred thousand dollars, for  
4 calendar years beginning on or after January 1, 2012, but  
5 before January 1, 2014, eight million seven hundred fifty  
6 thousand dollars, for calendar years beginning on or after  
7 January 1, 2014, but before January 1, 2019, twelve million  
8 dollars, and for calendar years beginning on or after January  
9 1, 2019, but before January 1, 2020, thirteen million dollars,  
10 and for calendar years beginning on or after January 1, 2020,  
11 fifteen million dollars.

12 (b) (i) During any calendar year beginning on or after  
13 January 1, 2022, if the amount of awarded tax credits from the  
14 preceding calendar year are equal to or greater than ninety  
15 percent of the total approved tax credits for the current  
16 calendar year, the total approved tax credits for the current  
17 calendar year shall equal the product of ten percent multiplied  
18 by the total approved tax credits for the current calendar year  
19 plus the total approved tax credits for the current calendar  
20 year.

21 (ii) If total approved tax credits are recomputed pursuant  
22 to subparagraph subdivision (i), the total approved tax credits  
23 shall equal the previous total approved tax credits recomputed  
24 pursuant to subparagraph subdivision (i) for purposes of future  
25 recomputations under subparagraph subdivision (i), provided  
26 that the maximum total approved tax credits recomputed pursuant  
27 to this subparagraph division (b) shall not exceed twenty  
28 million dollars in a calendar year.

29 Sec. 139. Section 422.33, subsection 28, Code 2020, is  
30 amended to read as follows:

31 28. The taxes imposed under **this division** shall be reduced  
32 by a school tuition organization tax credit allowed under  
33 section 422.11S. The maximum amount of tax credits that  
34 may be approved under **this subsection** for a tax year equals  
35 twenty-five percent of the school tuition organization's tax

1 credits that may be approved pursuant to section 422.11S,  
2 subsection 8, for a tax year.

3 DIVISION XXIII

4 PAYCHECK PROTECTION PROGRAM

5 Sec. 140. IOWA NET INCOME EXCLUSION FOR FEDERAL PAYCHECK  
6 PROTECTION PROGRAM LOAN FORGIVENESS FOR CERTAIN FISCAL-YEAR  
7 FILERS IN TAX YEAR 2019. Notwithstanding any other provision  
8 of law to the contrary, for any tax year beginning on or after  
9 January 1, 2019, and ending after March 27, 2020, Pub. L. No.  
10 116-136, §1106(i), applies in computing net income for state  
11 tax purposes under section 422.7 or 422.35.

12 Sec. 141. EFFECTIVE DATE. This division of this Act, being  
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION XXIV

15 INCOME TAX EXCLUSION — EMERGENCY STUDENT GRANT MONEY

16 Sec. 142. Section 422.7, Code 2020, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 59. Notwithstanding any other provision of  
19 law to the contrary, any funds received by a student through a  
20 higher education institution to support the student's financial  
21 needs as a result of the COVID-19 pandemic pursuant to §§3504,  
22 18004, or 18008 of Pub. L. No. 116-136 shall not be included  
23 in the student's Iowa net income for any tax year ending after  
24 March 27, 2020.

25 Sec. 143. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 144. RETROACTIVE APPLICABILITY. This division of this  
28 Act applies retroactively to March 27, 2020, for tax years  
29 ending on or after that date.

30 DIVISION XXV

31 IOWA INCOME EXCLUSION — STIMULUS CHECKS

32 Sec. 145. IOWA INCOME TAX EXCLUSION FOR ECONOMIC IMPACT  
33 PAYMENTS. In determining the amount of deduction for federal  
34 income tax under section 422.9 for tax years beginning in  
35 the 2020 calendar year, the amount of the deduction for the

1 tax year shall not be adjusted by the amount received during  
2 the tax year of the income tax rebate provided pursuant to  
3 the federal Recovery Rebates and Coronavirus Aid, Relief,  
4 and Economic Security Act, Pub. L. No. 116-136, §2201, and  
5 the amount of such income tax rebate shall not be subject to  
6 taxation under chapter 422, division II.

7 DIVISION XXVI

8 HUNTING DEER AND TURKEY ON A FARM UNIT

9 Sec. 146. Section 483A.24, subsection 2, paragraphs b and c,  
10 Code 2019, are amended to read as follows:

11 *b.* Upon written application on forms furnished by the  
12 department, the department shall issue annually without fee one  
13 wild turkey license to the owner of a farm unit or to a member  
14 of the owner's family, but not to both, and to the tenant or  
15 to a member of the tenant's family, but not to both. The wild  
16 turkey hunting licenses issued shall be valid only on the  
17 farm unit for which an applicant qualifies pursuant to this  
18 subsection and shall be equivalent to the least restrictive  
19 license issued under [section 481A.38](#). The owner or the tenant  
20 need not reside on the farm unit to qualify for a free license  
21 to hunt on that farm unit. The free turkey hunting licenses  
22 issued pursuant to this paragraph shall be valid and may be  
23 used during any ~~bow or firearm~~ established turkey hunting  
24 season using the method of take authorized by rule for each  
25 season being hunted. If a tag is filled during one of the  
26 seasons, the license will not be valid in subsequent seasons.

27 *c.* Upon written application on forms furnished by the  
28 department, the department shall issue annually without fee two  
29 deer hunting licenses, one antlered or any sex deer hunting  
30 license and one antlerless deer only deer hunting license, to  
31 the owner of a farm unit or a member of the owner's family,  
32 but only a total of two licenses for both, and to the tenant  
33 of a farm unit or a member of the tenant's family, but only  
34 a total of two licenses for both. The deer hunting licenses  
35 issued shall be valid only for use on the farm unit for which

1 the applicant applies pursuant to this paragraph. The owner or  
2 the tenant need not reside on the farm unit to qualify for the  
3 free deer hunting licenses to hunt on that farm unit. The free  
4 deer hunting licenses issued pursuant to this paragraph shall  
5 be valid and may be used during any ~~bow or firearm~~ established  
6 deer hunting season using the method of take authorized by rule  
7 for each season being hunted. If a tag is filled during one  
8 of the seasons, the license will not be valid in subsequent  
9 seasons. The licenses may be used to harvest deer in two  
10 different seasons. In addition, a person who receives a free  
11 deer hunting license pursuant to this paragraph shall pay a one  
12 dollar twenty-five cent fee for each license that shall be used  
13 and is appropriated for the purpose of deer herd population  
14 management, including assisting with the cost of processing  
15 deer donated to the help us stop hunger program administered  
16 by the commission.

17 EXPLANATION

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

20 This bill relates to state and local taxation, regulation,  
21 the Iowa reinvestment act, innovation fund, hunting and fees,  
22 and provides for properly related matters.

23 DEPARTMENT OF REVENUE ADMINISTRATION AND PENALTY PROVISIONS.  
24 The amendment to Code section 421.6 enhances the readability of  
25 the Code section by including in the definition of "return" the  
26 moneys and credits tax turn administered by the department of  
27 revenue under Code section 533.329.

28 The bill enacts new Code section 421.17(36) which permits  
29 the director of revenue to enter into Code chapter 28E  
30 agreements with the state fair or a county or district fair  
31 to collect and remit sales taxes and fees from sellers making  
32 retail sales on the grounds owned by the fair or through events  
33 conducted by the fair.

34 The amendment to Code section 421.27(1) provides that in  
35 the case of a specified business with no tax shown due or



1 required to be shown due that fails to timely file their  
2 income tax return or information return shall pay the greater  
3 of the following penalty amounts: \$200; or an amount equal  
4 to 10 percent of the imputed Iowa liability of the specified  
5 business, not to exceed \$25,000.

6 The amendment to Code section 421.27(1) provides that the  
7 penalty for individuals or specified businesses that fail to  
8 timely file a return may be waived under certain circumstances.  
9 The provision applies to tax years beginning on or after  
10 January 1, 2022.

11 The amendment to Code section 421.27(4) provides that the  
12 penalty for a specified business that willfully fails to file a  
13 return with no tax shown due or required to be shown due with  
14 the intent to evade such a filing requirement or reporting  
15 Iowa-source income, the penalty imposed shall be the greater  
16 of \$1,500 or an amount equal to 75 percent of the imputed Iowa  
17 liability of the specified business. The provision applies to  
18 tax years beginning on or after January 1, 2022.

19 The amendment to Code section 421.27(4) expands penalty  
20 provisions by providing that a person who willfully fails to  
21 file a return or deposit form with intent to evade a filing  
22 requirement shall be subject to a penalty of 75 percent of the  
23 tax added to the amount of tax shown due or required to be shown  
24 due, in lieu of other penalties. The provision applies to tax  
25 years beginning on or after January 1, 2022.

26 The amendment to Code section 421.27(6) makes numerous  
27 changes to the criminal offense of fraudulent practice  
28 by expanding the criminal offense to include a person who  
29 willfully makes a false application for an exemption or benefit  
30 with the intent to receive the exemption or benefit to which  
31 the person is not entitled.

32 The amendment to Code section 421.27(6) also expands the  
33 fraudulent practice criminal offense to include when a person  
34 willfully submits any false information, document, or document  
35 containing false information in support of an application

1 for a refund, credit, exemption, reimbursement, rebate, or  
2 other payment or benefit with the intent to evade taxes;  
3 and to include when a person willfully submits any false  
4 information, document, or document containing false information  
5 in support of an application for a refund, credit, exemption,  
6 reimbursement, rebate, or other payment or benefit to which the  
7 person is not entitled.

8 A person who commits fraudulent practice under Code section  
9 421.76(6), in addition to the criminal penalties, is liable for  
10 a penalty equal to 75 percent of the refund, credit, exemption,  
11 reimbursement, rebate, or other payment or benefit being  
12 fraudulently claimed.

13 The bill enacts new Code section 421.27(8) which defines  
14 "imputed Iowa liability" and "specified business". The  
15 provision applies to tax years beginning on or after January  
16 1, 2022.

17 The bill enacts new Code section 421.27(9) by adding an  
18 additional penalty under Code section 421.27 in the amount  
19 of \$1,000 if a taxpayer fails to file a tax return within 90  
20 days of written notice by the department that the taxpayer is  
21 required to file such a return. The provision applies to a  
22 return a taxpayer is required to file on or after January 1,  
23 2022.

24 The bill enacts new Code section 421.27A by creating a  
25 criminal offense for perjury. Currently, a different perjury  
26 criminal offense exists in Code section 720.2. A person  
27 commits perjury under the following circumstances in the bill:  
28 the person makes a document containing false information in  
29 support of an application for refund, credit, exemption,  
30 reimbursement, rebate, or other payment or benefit with intent  
31 to evade tax; the person makes a document containing false  
32 information with intent to unlawfully receive a refund, credit,  
33 exemption, reimbursement, rebate, or other payment or benefit,  
34 to which the person is not entitled; the person knowingly makes  
35 any false affidavit; the person knowingly swears or affirms

1 falsely to any matter or thing required by the terms of title X  
2 of the Code (financial resources) to be sworn to or affirmed.  
3 A person who commits the criminal offense of perjury under new  
4 Code section 421.27A commits a class "D" felony. A class "D"  
5 felony is punishable by confinement for no more than five years  
6 and a fine of at least \$750 but not more than \$7,500.

7 The bill enacts new Code section 421.59 relating to a  
8 power of attorney or other authority to act on behalf of the  
9 taxpayer. The bill formalizes a process for the following  
10 persons to act and receive information on behalf of and  
11 exercise all of the rights of a taxpayer, regardless of whether  
12 a power of attorney has been filed with the department: a  
13 guardian, conservator, or custodian appointed by the court; a  
14 receiver appointed pursuant to Code chapter 680; an individual  
15 who has been named as an authorized representative on a  
16 fiduciary return filed under Code section 422.14 (fiduciary  
17 return) or Code chapter 450 (inheritance tax); an individual  
18 holding a title or position within a corporation, association,  
19 partnership, or other business entity; a licensed attorney  
20 who has appeared on behalf of the taxpayer or the taxpayer's  
21 estate; and a parent or legal guardian of the taxpayer who has  
22 not reached the age of majority.

23 New Code section 421.59 also authorizes the department to  
24 enter into a memorandum of understanding with the taxpayer  
25 for each employee, officer, or member of a third-party entity  
26 engaged with or otherwise hired by a taxpayer to manage  
27 the taxpayer's tax matters, in lieu of requiring a power of  
28 attorney for each person.

29 The bill enacts new Code section 421.60(11) which allows a  
30 taxpayer to elect to receive correspondence electronically from  
31 the department rather than by regular mail.

32 The amendments to Code section 421.62 provide that the  
33 regulations relating to tax return preparers apply to an  
34 income tax return or claim or refund under Code chapter 422  
35 (individual, corporate, and franchise taxes), but do not apply

1 to withholding returns under Code section 422.16.

2 The amendment to Code section 421.64 enhances the  
3 readability of the Code section.

4 The amendment to Code section 422.20(1) adds an intent  
5 element "willfully or recklessly" to the criminal offense  
6 related to the unlawful disclosure of tax return information  
7 by state personnel or former state personnel. A person who  
8 commits a violation under Code section 422.20(1) commits a  
9 serious misdemeanor. A serious misdemeanor is punishable by  
10 confinement for no more than one year and a fine of at least  
11 \$315 but not more than \$1,875.

12 The amendment to Code section 422.20(3) provides that tax  
13 return information may be disclosed to authorized individuals  
14 pursuant to new Code section 421.59 created in the bill.

15 The bill enacts new Code section 422.20(3A) permitting the  
16 director of revenue to disclose the tax return information of  
17 a partnership, limited liability company, or S corporation to  
18 a person who was a partner, shareholder, or member of such an  
19 entity during any part of the period covered by the tax return.

20 The bill enacts new Code section 422.20(3B) specifying the  
21 information the department is required to redact prior to  
22 the disclosure of the record in an appeal or contested case.  
23 The bill specifies the department may also redact other tax  
24 information from the record in an appeal or contested case, if  
25 the taxpayer proves by clear and convincing evidence that the  
26 release of the tax information would disclose a trade secret  
27 or be an unwarranted invasion of personal privacy. The bill  
28 permits the department to disclose information that is required  
29 to be redacted if the department determines such information is  
30 necessary to the resolution or decision of the case.

31 The bill enacts new Code section 422.25(1)(c) (income tax)  
32 that provides the period of examination and determination is  
33 unlimited under title X (financial resources) in any action  
34 by the department to recover or rescind a tax expenditure  
35 as defined in Code section 2.48, or any other incentive or

1 assistance administered by the economic development authority.  
2 The amendment takes effect upon enactment. The bill also  
3 provides that it is the intent of the general assembly that the  
4 amendment to Code section 422.25(1) is a conforming amendment  
5 consistent with current law, and that the amendment does not  
6 change the application of current law. This provision takes  
7 effect upon enactment.

8 The amendment to Code section 422.69 requires that all  
9 fees, taxes, interest, and penalties under Code chapter 422  
10 (individual income, corporate, and franchise taxes) shall  
11 be paid to the department of revenue rather than the state  
12 treasurer.

13 The amendment to Code section 422.72(1)(a) adds the intent  
14 element of "willfully or recklessly" to the criminal offense  
15 related to the unlawful disclosure by state personnel or  
16 former state personnel of the business affairs, operations,  
17 or information obtained through a tax-related investigation.  
18 A person who unlawfully discloses such information commits a  
19 serious misdemeanor under Code section 422.72(4). A serious  
20 misdemeanor is punishable by confinement for no more than one  
21 year and a fine of at least \$315 but not more than \$1,875.

22 The bill enacts new Code section 422.72(7A), a similar  
23 provision to new Code section 422.20(3B) in the bill. New Code  
24 section 422.72(7A) specifies the information the department  
25 is required to redact prior to the disclosure to the general  
26 public of the record in an appeal or contested case. The  
27 bill specifies that the department may also redact other tax  
28 information from the record in an appeal or contested case, if  
29 the taxpayer proves by clear and convincing evidence that the  
30 release of the tax information would disclose a trade secret  
31 or be an unwarranted invasion of personal privacy. The bill  
32 permits the department to disclose information that is required  
33 to be redacted if the department determines such information is  
34 necessary to the resolution or decision of the case.

35 The bill enacts new Code section 423.37(4) (sales and use

1 tax) that provides the period of examination and determination  
2 is unlimited under title X (financial resources) in any action  
3 by the department to recover or rescind a tax expenditure  
4 as defined in Code section 2.48 or any other incentive or  
5 assistance administered by the economic development authority.  
6 The amendment takes effect upon enactment. The bill also  
7 provides that it is the intent of the general assembly that the  
8 amendment to Code section 423.37(4) is a conforming amendment  
9 consistent with current law, and that the amendment does not  
10 change the application of current law. This provision takes  
11 effect upon enactment.

12 The amendment to Code section 428A.1 (real estate  
13 transfer tax) provides that a county recorder shall record  
14 the declaration of value but is prohibited from charging a  
15 recording fee for the filing.

16 The amendment to Code section 441.48 enhances the  
17 readability of the Code section by specifying the board of  
18 supervisors or city council, as applicable, shall provide  
19 the department with notice of intent to protest prior to the  
20 expiration of the 10 days' notice to adjust the valuation of  
21 any class of property issued by the department.

22 The amendments to Code sections 489.706, 490.1422, 501.813,  
23 and 504.1423, remove the role of the department in the  
24 application for reinstatement by a limited liability company,  
25 corporation, cooperative, or nonprofit corporation after the  
26 dissolution of such an entity.

27 The bill enacts new Code section 533.329(03) by specifying  
28 that a money and credit tax return prepared by a credit union  
29 shall be on a form prepared by the department of revenue, and  
30 shall be filed with the department on or before the last day of  
31 April.

32 The bill amends Code section 533.329(3) relating to  
33 enforcement of the moneys and credits tax paid by credit  
34 unions.

35 SALES AND USE TAX. The amendments to Code sections 321G.4

1 (snowmobiles) and 321I.4 (all-terrain vehicles) require the  
2 county recorder to collect sales or use tax if an owner of such  
3 a vehicle is unable to present satisfactory evidence that the  
4 sales or use tax has been paid.

5 The amendment to Code section 423.2(6)(bs) specifies that  
6 any services arising from or related to software sold as  
7 tangible personal property are subject to the sales tax.

8 The amendment to Code section 423.2(8)(d)(1) specifies that  
9 the following is not subject to the sales tax: the retail  
10 sale of a specified digital product and a service where the  
11 specified digital product is essential and exclusive to the use  
12 of the service, and the true object of the transaction is the  
13 service.

14 The amendment to Code section 423.3(3A) provides that the  
15 sales price from the sale of a commercial recreation service  
16 offering the opportunity to hunt a preserve whitetail is  
17 exempt from the sales tax if the sale occurred between July  
18 1, 2005, and December 31, 2015. This provision takes effect  
19 upon enactment and applies retroactively to July 1, 2005. The  
20 bill prohibits any refunds resulting from the amendment to Code  
21 section 423.3(3A).

22 The amendment to Code section 423.3(31) specifies that  
23 the sales price of tangible personal property or specified  
24 digital products sold to, or of services furnished to a  
25 tribal government as defined in Code section 216A.161, or the  
26 instrumentalities of such tribal government are exempt from the  
27 sales tax under most circumstances.

28 The amendments to Code section 423.3(80)(b) and (c) specify  
29 that services performed pursuant to a written construction  
30 contract with a designated exempt entity as defined in Code  
31 section 423.3(80)(a)(1) are exempt from the sales tax.  
32 Currently, the construction contract is not required to be a  
33 written contract and only building materials, supplies, and  
34 equipment used in such a contract are exempt from the sales  
35 tax. The bill also provides that the building materials,

1 supplies, equipment, and services are exempt from the sales  
2 tax only if the property that is subject to the construction  
3 project becomes public property or the property of a designated  
4 exempt entity, in addition to the requirement that the  
5 exempt items be completely consumed in the performance of the  
6 construction contract.

7 The amendment to Code section 423.4(1), relating to refunds  
8 of sales or use taxes to tax-exempt entities, enhances the  
9 readability of the Code section by defining a "designated  
10 exempt entity" and thus removing repeated references to each  
11 exempt entity in the Code section. The bill also adds a tribal  
12 government to the definition of a designated exempt entity.  
13 The bill strikes the terms "goods, wares, and merchandise" and  
14 uses the terms "building materials, supplies, and equipment"  
15 for purposes of claiming the exemption, when a designated  
16 exempt entity makes an application to the department for the  
17 refund of the sales or use tax upon the sales price of all  
18 sales or services related to the performance of a written  
19 construction contract. Additionally, if the sales price of  
20 all building materials, supplies, equipment, or services  
21 related to the performance of a written construction contract  
22 are to be exempt from the sales or use tax under the bill,  
23 all of the following must apply: the building materials,  
24 supplies, equipment, or services are completely consumed in the  
25 performance of a construction project; the property that is the  
26 subject of the construction project becomes public property or  
27 the property of an exempt entity; and the building materials,  
28 supplies, equipment, or services furnished are not used in  
29 the performance of a construction contract with a designated  
30 exempt entity in connection with the construction of certain  
31 facilities.

32 The amendments to Code section 423.4(2)(a) and (b) relate  
33 to construction contracts for transportation projects by  
34 specifying the contractor shall pay sales or use tax for the  
35 services related to such contracts, and by making terminology



1 more consistent in the subsection.

2 The amendments to Code sections 423.4(2) and 423.4(6) make  
3 the terminology more consistent with other changes in the bill.

4 The amendment to Code section 423.5(1)(b) strikes the  
5 imposition of a 6 percent excise tax on the use of manufactured  
6 housing, or the purchase price if such housing is sold in the  
7 form of tangible personal property, or the installed purchase  
8 price if such housing is sold in the form of realty.

9 The amendment to Code section 423.29(1) provides that a  
10 retailer maintaining a place of business in this state and  
11 making taxable sales shall, at the time of making such sales,  
12 collect the sales tax. The bill also provides that it is  
13 the intent of the general assembly that the amendment to  
14 Code section 423.29(1) is a conforming amendment consistent  
15 with current law, and that the amendment does not change the  
16 application of current law.

17 The amendment to Code section 423.33(1) enhances the  
18 readability of the Code section by specifying that if a  
19 purchaser fails to pay sales tax to a retailer required to  
20 collect the sales tax, then the purchaser shall pay a use  
21 tax directly to the department. The bill specifies that the  
22 retailer and purchaser are jointly liable for the failure  
23 to pay either the sales or use tax in most circumstances.  
24 Additionally, the bill provides that it is the intent of the  
25 general assembly that the addition of "joint liability" is a  
26 conforming amendment consistent with current law, and that  
27 the amendment does not change the application of current law.  
28 The bill provides that if the purchaser pays the use tax,  
29 the retailer remains liable for any local option sales and  
30 services tax under Code chapter 423B that the retailer failed  
31 to collect.

32 INCOME TAX. The bill strikes and replaces Code section  
33 422.9(3)(c). The bill provides that a taxpayer may elect  
34 to waive the entire carryback period with respect to an  
35 Iowa net operating loss for any taxable year, in the manner

1 prescribed by the department, and by the due date for filing  
2 the taxpayer's return, including extensions of time. After the  
3 election is made for any taxable year, the election shall be  
4 irrevocable for such taxable year. If an election has been  
5 properly made, the bill provides that the Iowa net operating  
6 loss shall be carried forward 20 taxable years.

7 The amendment to Code section 422.9(3)(d) modifies the  
8 election for an Iowa farming loss, which may be carried back  
9 for five taxable years prior to the taxable year of the loss.  
10 The bill specifies that a farming business that has an Iowa  
11 farming loss may make an election to carry back the loss for  
12 five taxable years, in the manner prescribed by the department,  
13 and shall be made by the due date for filing the taxpayer's  
14 return, including extensions of time. After the election is  
15 made for any taxable year, the bill provides the election shall  
16 be irrevocable for such taxable year.

17 The division applies to tax years beginning on or after  
18 January 1, 2020.

19 RESEARCH ACTIVITIES TAX CREDIT. The amendments to Code  
20 sections 15.335, 422.10, and 422.33 update references to the  
21 Internal Revenue Code relating to the alternative simplified  
22 credit for increasing research activities.

23 The division takes effect upon enactment and applies  
24 retroactively to January 1, 2019, for tax years beginning on  
25 or after that date.

26 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING  
27 OF FEDERAL ADJUSTMENTS. The amendment to Code section  
28 421.27(2)(c) specifies that a taxpayer is required to pay  
29 a penalty of 5 percent of the tax due, unless the taxpayer  
30 provides written notification to the department of a federal  
31 audit while it is in progress and voluntarily files an amended  
32 return which includes the final disposition of the audit  
33 and final federal adjustments to taxes paid within 180 days  
34 of the final determination date. The bill defines "final  
35 determination date" to generally mean the first day on which no

1 federal adjustments to taxes arising from the audit or other  
2 action remain to be finally determined. In cases of a final  
3 federal partnership adjustment arising from a partnership  
4 level audit, the taxpayer voluntarily and timely complies with  
5 reporting and payment requirements under new Code section  
6 422.25A(4) and (5) created in the bill.

7 The bill enacts new Code section 422.7(59) providing that  
8 any income subtracted from federal taxable income shall be  
9 added back in computing net income for state individual income  
10 tax purposes when federal adjustments are made to taxes in the  
11 adjustment year. The bill defines "adjustment year" to mean  
12 the year in which the final determination of the adjustment  
13 occurs.

14 The amendment to Code section 422.25 adds definitions to the  
15 Code section for "federal adjustment", "federal adjustments  
16 report", "final determination date", and "final federal  
17 adjustment".

18 The bill enacts new Code section 422.25A which creates a  
19 process for audited partnerships and their direct and indirect  
20 partners to report final federal partnership adjustments to  
21 the department. The bill provides that the state partnership  
22 representative for the reviewed year shall have sole authority  
23 to act on behalf of the partnership. The bill creates  
24 reporting and payment requirements for audited partnerships  
25 and their partners subject to final federal adjustments.  
26 The bill permits an audited partnership or a tiered partner  
27 (partner that is a partnership or pass-through entity) to make  
28 irrevocable elections about the payment of any adjustments,  
29 and specifies the consequences of making certain elections.  
30 The bill permits an audited partnership or tiered partner to  
31 enter into an agreement with the department to use alternative  
32 reporting and payment methods. The bill permits the department  
33 to assess additional Iowa income tax, interest, and penalties  
34 arising from a federal partnership adjustments in the same  
35 manner as provided in other tax-related provisions.

1 The bill enacts new Code section 422.25B that requires  
2 the state partnership representative acting on behalf of the  
3 partnership for the reviewed year to be the partnership's  
4 federal partnership representative with respect to an action  
5 required or permitted to be taken by a state partnership  
6 representative, unless the partnership designates in writing in  
7 the manner prescribed by the department another person to act  
8 as the state partnership representative.

9 The bill enacts new Code section 422.25C relating to  
10 partnership or pass-through entity audits and examinations.  
11 The bill provides that for tax years beginning on or after  
12 January 1, 2020, any adjustments to a partnership's or  
13 pass-through entity's taxes or an adjustment allocated to a  
14 partner's taxes as a result of a department audit shall be  
15 determined at the partnership or pass-through entity level in  
16 the same manner as provided by federal law. The bill specifies  
17 that the state partnership representative shall have the sole  
18 authority to act on behalf of the partnership or pass-through  
19 entity with respect to any actions taken due to the audit,  
20 including appealing decisions to the director of revenue or  
21 seeking judicial review of the director's decision. The  
22 provisions of new Code section 422.25C may be applied to tax  
23 years beginning before January 1, 2020, if the partnership or  
24 pass-through entity and the department agree.

25 The bill enacts new Code section 422.35(26) providing that  
26 any income subtracted from federal taxable income shall be  
27 added back in computing net income for state corporate income  
28 tax purposes when federal adjustments are made to taxes in the  
29 adjustment year. The bill defines "adjustment year" to mean  
30 the year in which the final determination of the adjustment  
31 occurs.

32 The bill amends Code section 422.39 by specifying that Code  
33 sections relating to payments of interest, computation of tax,  
34 liens, and final reports of fiduciaries apply to not just  
35 payments and collections but to reporting, examinations, and

1 assessments with respect to corporations including pass-through  
2 entities organized as corporations.

3 The amendment to Code section 422.73 relates to credits  
4 against taxes due because of errors. The bill changes the  
5 period of limitation (statute of limitations) for a claim for  
6 a refund of or a credit against individual income tax by a  
7 taxpayer to one year from the final determination date of any  
8 final adjustment with respect to the particular tax year to  
9 claim an income tax refund or credit. Currently, a claim for  
10 a refund of or a credit against the individual income tax by  
11 a taxpayer is six months from the final disposition of any  
12 income tax matter between the taxpayer and the internal revenue  
13 service. The bill makes other changes relating to agreements  
14 entered into by the department and the internal revenue  
15 service for the transmission of federal income tax reports on  
16 individuals who have been involved in an income tax matter with  
17 the internal revenue service.

18 The division applies to federal adjustments and federal  
19 partnership adjustments that have a final determination date  
20 after the effective date of the division.

21 SETOFF PROCEDURES — RULEMAKING — EFFECTIVE DATE. The  
22 bill modifies the effective date of either Senate File 2328 or  
23 House File 2565 (setoff procedures), by providing that either  
24 Senate File 2328 or House File 2565, if enacted, take effect  
25 on the later of January 1, 2021, or the effective date of the  
26 rules adopted by the department of revenue implementing the  
27 bill other than the adopting of transitional rules by the  
28 department. This provision takes effect upon enactment, and  
29 applies retroactively to the effective date of either Act.

30 PRO RATA SHARE OF ENTITY-LEVEL INCOME TAX PAID BY  
31 SHAREHOLDERS OR BENEFICIARIES. The bill provides that a  
32 resident partner of an entity taxed as a partnership, a  
33 resident shareholder of an S corporation, or a resident  
34 beneficiary of an estate or trust shall be deemed to have paid  
35 the resident partner's, resident shareholder's, or resident

1 beneficiary's pro rata share of entity-level income tax paid  
2 by the partnership, S corporation, estate, or trust to another  
3 state or foreign country on income that is also subject to  
4 Iowa personal income tax, but only if the entity provides the  
5 resident partner, resident shareholder, or resident beneficiary  
6 a statement that documents the resident partner's, resident  
7 shareholder's, or resident beneficiary's share of the income  
8 derived in the other state or foreign country, the income tax  
9 liability of the entity in that state or foreign country, and  
10 the income tax paid by the entity to that state or foreign  
11 country.

12 The bill also provides that a resident shareholder of a  
13 regulated investment company shall be deemed to have paid the  
14 shareholder's pro rata share of entity-level income tax paid by  
15 the regulated investment company to another state or foreign  
16 country and treated as paid by its shareholders pursuant to  
17 section 853 of the Internal Revenue Code, but only if the  
18 regulated investment company provides the resident shareholder  
19 a statement that documents the resident shareholder's share of  
20 the income derived in the other state or foreign country, the  
21 income tax liability of the regulated investment company in  
22 that state or foreign country, and the income tax paid by the  
23 regulated investment company to that state or foreign country.

24 This division takes effect upon enactment and applies  
25 retroactively to January 1, 2020, for tax years beginning on  
26 or after that date.

27 **BONUS DEPRECIATION.** The bill provides that for purposes  
28 of Iowa taxes, the state will couple with any future changes  
29 to the increased expensing allowance under section 179 of the  
30 Internal Revenue Code (bonus depreciation). The change to  
31 bonus depreciation applies retroactively to January 1, 2020,  
32 for tax years beginning on or after that date.

33 **MARRIED TAXPAYERS — JOINT LIABILITY.** The bill provides  
34 that relief from Iowa joint tax liability is available under  
35 all circumstances that are available under federal law. The

1 bill also provides a mechanism for the department of revenue to  
2 allow the spouse not requesting relief from joint tax liability  
3 to intervene in the department's process for deciding whether  
4 to grant relief. This provision takes effect upon enactment.

5 SALES TAX PAID BY THIRD-PARTY DEVELOPERS. The bill allows  
6 a pass-through entity awarded a refundable tax credit under  
7 Code section 15.331C (corporate tax credit for sales and use  
8 tax paid) to pass through the refundable tax credit to the  
9 owners of the pass-through entity to claim the owner's share  
10 of the refundable tax credit. The provision takes effect upon  
11 enactment, and applies retroactively to January 1, 2020, for  
12 tax years beginning on or after that date.

13 IOWA EDUCATIONAL SAVINGS PLAN TRUST (529 PLANS). The bill  
14 specifies that funds in a 529 plan may be used to pay expenses  
15 for the participation in a certified apprenticeship program.  
16 The bill also allows up to \$10,000 of 529 plan funds to be used  
17 to pay the student loans of the beneficiary of the 529 plan or a  
18 sibling of the beneficiary, respectively.

19 IOWA EDUCATIONAL SAVINGS ACCOUNT — EXTENSION. A  
20 participant who makes a contribution to the Iowa educational  
21 savings plan trust pursuant to Code section 12D.3, subsection  
22 1, on or after January 1, 2020, and on or before July 31, 2020,  
23 may elect to be deemed to have made the contribution on the  
24 last day of calendar year 2019. This provision takes effect  
25 upon enactment.

26 IOWA FIRST-TIME HOMEBUYER ACCOUNT — EXTENSION. An  
27 individual who opened a first-time homebuyer account during  
28 calendar year 2019 and who wishes to participate in the  
29 Iowa first-time homebuyer savings account program shall  
30 designate the account as a first-time homebuyer account and the  
31 beneficiary of such an account on or before July 31, 2020, on  
32 forms provided by the department of revenue. This provision  
33 takes effect upon enactment.

34 QUALIFYING PERSONAL PROTECTIVE EQUIPMENT (PPE) — DONATION.  
35 The bill exempts from the use tax qualifying protective

1 personal equipment and materials assembled and donated by a  
2 business during the period beginning with a state of disaster  
3 emergency proclamation by the governor under Code section 29C.6  
4 and ending 180 days after the expiration of such proclamation.  
5 The division takes effect upon enactment and permits refunds of  
6 taxes, interest, or penalties that arise from claims resulting  
7 from the enactment of the division for donations occurring  
8 prior to the effective date of the division. The division  
9 specifies refund claims shall not be allowed unless claims  
10 are filed prior to October 1, 2020. The division applies  
11 retroactively to January 1, 2020, for qualifying personal  
12 protective equipment and materials assembled and donated on or  
13 after that date.

14 SHORT-TERM RENTAL PROPERTIES. The bill prohibits a county  
15 or city from adopting or enforcing an ordinance that prohibits  
16 short-term rental properties within the county or city. The  
17 bill requires a county or city to consider short-term rental  
18 properties as a residential land use for zoning purposes.  
19 The bill authorizes a county or city to enact or enforce an  
20 ordinance that regulates, prohibits, or otherwise limits  
21 short-term rental properties if such enforcement is performed  
22 in the same manner as enforcement applicable to similar  
23 properties and if such enforcement meets a specified primary  
24 purpose. The bill also prohibits a county or city from  
25 adopting or enforcing any regulation, restriction, or other  
26 ordinance related to distance separation requirements for  
27 single-family homes and duplexes.

28 FUTURE TAX CHANGES. The bill amends 2018 Iowa Acts,  
29 chapter 1161, section 133 (trigger), by striking the two  
30 conditions necessary for the trigger to occur, and specifies  
31 the provisions in 2018 Iowa Acts, chapter 1161, sections 99-132  
32 simply go into effect January 1, 2023.

33 BUSINESS INTEREST EXPENSE DEDUCTION. The federal Tax Cuts  
34 and Jobs Act (TCJA) created a new limitation on the deduction  
35 of business interest expense for tax years beginning on or



1 after January 1, 2018. Currently, the state couples with  
2 federal law limiting the deduction of business interest expense  
3 for tax years beginning on or after January 1, 2019.

4 The bill decouples, for Iowa individual and corporate income  
5 tax purposes, from the federal limitation on deduction of  
6 business interest expenses for tax years beginning on or after  
7 January 1, 2019.

8 The decoupling from the federal limitation on deduction  
9 of business interest expense does not apply during any tax  
10 year in which the additional first-year depreciation allowance  
11 authorized in section 168(k) of the Internal Revenue Code  
12 (bonus depreciation) applies in computing net income for state  
13 tax purposes.

14 For any tax year in which a taxpayer is not permitted to  
15 deduct any amount of interest expense paid or accrued in a  
16 previous taxable year due to the allowance of the additional  
17 first-year depreciation, the bill prohibits the deduction of  
18 any amount of interest expense paid or accrued in a previous  
19 taxable year in the current taxable year by reason of the  
20 carryforward of disallowed business interest provisions of  
21 section 163(j)(2) of the Internal Revenue Code, if either of  
22 the following apply: the interest expense was originally paid  
23 or accrued during a tax year in which there was a decoupling  
24 from the federal limitation on business expense, or the  
25 interest expense was originally paid or accrued during a tax  
26 year in which the taxpayer was not required to file an Iowa  
27 return.

28 GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI). Federal  
29 law includes in a taxpayer's gross income global intangible  
30 low-taxed income (GILTI) as defined in section 951A of the  
31 Internal Revenue Code, subject to a deduction equal to 50  
32 percent of the corporation's GILTI under section 250(a)(1)(B)  
33 of the Internal Revenue Code. The bill enacts new Code section  
34 422.35(27) that allows a corporate taxpayer to deduct GILTI  
35 under section 951A of the Internal Revenue Code.

1 RESCISSION OF RULES. The division rescinds rules relating  
2 to GILTI under section 951A of the Internal Revenue Code.

3 The division takes effect upon enactment, and applies  
4 retroactively to January 1, 2019, for tax years beginning on  
5 or after that date.

6 REINVESTMENT ACT. Code chapter 15J, the "Iowa Reinvestment  
7 Act", authorizes municipalities (a city or a county) to  
8 establish reinvestment districts and receive remittances of  
9 specified amounts of state sales tax and state hotel and  
10 motel tax revenues collected in those districts for use in  
11 undertaking projects in the district. Eligible municipalities  
12 must seek approval from the economic development authority  
13 board to establish a reinvestment district. Code chapter  
14 15J currently prohibits the board from approving a proposed  
15 district plan on or after July 1, 2018, and imposes a \$100  
16 million aggregate limit of state sales tax revenues and state  
17 hotel and motel tax revenues that may be approved by the board  
18 for remittance to all municipalities.

19 The bill establishes an additional period of time for the  
20 board to approve reinvestment districts, beginning July 1,  
21 2020, and ending July 1, 2025, and establishes an additional  
22 \$100 million aggregate limit of state sales tax revenues and  
23 state hotel and motel tax revenues that may be approved by the  
24 board for remittance to all municipalities for those districts  
25 approved on or after July 1, 2020, but before July 1, 2025.

26 The bill also expands the definition of "municipality"  
27 to include a joint board or other legal entity established  
28 or designated in an agreement between two or more contiguous  
29 cities or counties pursuant to Code chapter 28E. The bill also  
30 makes corresponding changes to other provisions of Code chapter  
31 15J to reflect such municipalities' authority under the Iowa  
32 reinvestment Act.

33 As part of the criteria for establishing a district, current  
34 law requires the district to consist of contiguous parcels not  
35 to exceed 25 acres in total. For districts approved under the

1 bill on or after July 1, 2020, the area comprising the district  
2 may consist of contiguous parcels not to exceed 75 acres in  
3 total.

4 Part of the approval criteria for a district includes the  
5 requirement that the amount of proposed capital investment  
6 within the proposed district related to retail businesses does  
7 not exceed 50 percent of the total capital investment for all  
8 proposed projects in the proposed district plan, excluding "new  
9 lessors", as defined in Code section 15J.2, from the definition  
10 of "retail business". The bill adds businesses engaged in an  
11 activity subject to the sales tax under Code section 423.2(3)  
12 to that exclusion from the definition of "retail business".

13 Code section 15J.7 prohibits revenues received by a  
14 municipality from being used for a project that includes  
15 relocation of a commercial or industrial enterprise not  
16 presently located within the municipality. "Relocation"  
17 is defined in Code section 15J.7 to mean the closure or  
18 substantial reduction of an enterprise's existing operations  
19 in one area of the state and the initiation of substantially  
20 the same operation in the same county or a contiguous county in  
21 the state. The bill provides, however, that if the initiation  
22 of operations includes an expanded scope or nature of the  
23 enterprise's existing operations, the new operation shall not  
24 be considered to be "substantially the same operation".

25 Code section 15J.8 provides that as of the date 20 years  
26 after the district's commencement date, the department of  
27 revenue shall cease to deposit state sales tax revenues and  
28 state hotel and motel tax revenues into the district's account  
29 within the fund, unless the municipality dissolves the district  
30 prior to that date. The bill provides that, upon request of  
31 the municipality prior to the dissolution of the district,  
32 and following a determination by the economic development  
33 authority board that the amounts of new state sales tax revenue  
34 and new state hotel and motel tax revenue deposited in the  
35 municipality's reinvestment project fund are substantially

1 lower than the amounts established by the board when the  
2 district was approved, the board may extend the district's  
3 20-year period of time for depositing and receiving revenues by  
4 up to five additional years if such an extension is in the best  
5 interest of the public.

6 The bill relates to certain tax credits awarded by the  
7 economic development authority for equity investments in a  
8 qualifying business or innovation fund. The bill directs  
9 the economic development authority to determine on or before  
10 June 30 of each year the amount of tax credits that will be  
11 issued for the following fiscal year for equity investments in  
12 qualifying businesses pursuant to Code section 15E.43 and in  
13 innovation funds pursuant to Code section 15E.52. The bill  
14 caps the aggregate amount of these tax credits at \$10 million.

15 The bill changes the maximum amount of tax credits that may  
16 be issued in a year to a natural person and the person's spouse  
17 or dependant, or for equity investments in any one qualifying  
18 business, from a calendar year basis to a fiscal year basis.

19 The division takes effect upon enactment.

20 CAPITAL GAINS. The bill provides a capital gains deduction  
21 for tax years beginning on or after January 1, 2020, in the  
22 amount of 15 percent of the taxpayer's net capital gain as  
23 defined in section 1222 of the Internal Revenue Code.

24 LOCAL ASSESSORS. This division of the bill relates to the  
25 appointment and duties of local assessors.

26 Code section 441.6 establishes the process for filling the  
27 office of county or city assessor. When a vacancy occurs, the  
28 examining board requests the director of revenue to forward  
29 a register containing the names of all individuals eligible  
30 for appointment as assessor. The examining board then makes  
31 a written report of the examination and submits the report  
32 together with the names of those individuals certified by the  
33 director of revenue to the conference board. Upon receipt  
34 of the report of the examining board, the conference board  
35 appoints an assessor from the register of eligible candidates

1 and gives written notice to the director of revenue of the  
2 appointment.

3 Under the bill, the appointee selected by the conference  
4 board shall not assume the office of city or county assessor  
5 until the appointment is confirmed by the director of revenue.  
6 If the director of revenue rejects the appointment, the  
7 examining board must conduct a new examination and submit a new  
8 report to the conference board.

9 The bill also provides that an assessor or deputy assessor  
10 shall not personally assess a property if the person or a  
11 member of the person's immediate family owns the property,  
12 has a financial interest in the property, or has a financial  
13 interest in the entity that owns the property.

14 Code section 441.41 authorizes the conference board to  
15 employ special counsel to assist the city legal department or  
16 the county attorney in litigation dealing with assessments.  
17 The bill provides that such authority is subject to review  
18 and prior approval by the city legal department or the county  
19 attorney, as applicable.

20 RURAL IMPROVEMENT ZONES. Under Code chapter 357H, the board  
21 of supervisors of a county with less than 20,000 residents  
22 and with a private lake development may designate an area  
23 surrounding the lake, if it is an unincorporated area of the  
24 county, a rural improvement zone upon receipt of a qualifying  
25 petition and upon the board's determination that the area is in  
26 need of improvements. The bill modifies that provision in Code  
27 section 357H.1 to provide that the board of supervisors of such  
28 a county with a private real estate development adjacent to or  
29 abutting in part a lake may designate an area surrounding the  
30 lake a rural improvement zone upon the receipt of the petition  
31 and a determination that the area is in need of improvements.

32 This division of the bill takes effect upon enactment  
33 and applies to rural improvement zones in existence on or  
34 established on or after the effective date of the division of  
35 the bill.

1 SCHOOL TUITION ORGANIZATION TAX CREDITS. Beginning January  
2 1, 2022, the bill allows the total approved school tuition  
3 tax credits, currently set at \$15 million for calendar year  
4 2020, to increase each calendar year, if the amount of awarded  
5 tax credits from the preceding calendar year are equal to or  
6 greater than 90 percent of the total approved school tuition  
7 tax credits for the current calendar year, until reaching a  
8 maximum of amount of \$20 million per calendar year.

9 Currently, the maximum amount of school tuition organization  
10 tax credits that may be approved for corporations in the  
11 aggregate shall not exceed 25 percent of the total amount of  
12 school tuition organization tax credits allowable in a calendar  
13 year in Code section 422.11S(8). The bill permits corporations  
14 in the aggregate to be awarded more than the 25 percent of the  
15 allowable school tuition organization tax credits in a calendar  
16 year by striking the 25 percent limitation.

17 PAYCHECK PROTECTION PROGRAM. The bill excludes from the  
18 calculation of Iowa income tax for certain fiscal filers the  
19 federal paycheck protection program loan proceeds that were  
20 forgiven and excluded from federal gross income. This division  
21 takes effect upon enactment.

22 INCOME TAX EXCLUSION — EMERGENCY STUDENT GRANT MONEY. The  
23 bill excludes from Iowa net income federal Coronavirus Aid,  
24 Relief, and Economic Security Act funds received by a student  
25 through a higher education institution to support the student's  
26 financial needs as a result of the COVID-19 pandemic pursuant  
27 for any tax year ending after March 27, 2020. This provision  
28 takes effect upon enactment, and applies retroactively to March  
29 27, 2020, for tax years ending on or after that date.

30 IOWA INCOME EXCLUSION — STIMULUS CHECKS. In determining  
31 the amount of deduction for federal income tax under Code  
32 section 422.9 for tax years beginning in the 2020 calendar  
33 year, the amount of the deduction for the tax year shall not  
34 be adjusted by the amount received during the tax year of the  
35 income tax rebate provided pursuant to the federal Recovery

1 Rebates and Coronavirus Aid, Relief, and Economic Security Act,  
2 and the amount of such income tax rebate shall not be subject  
3 to taxation.

4 HUNTING DEER AND TURKEY ON A FARM UNIT. Current law allows  
5 an owner or tenant of a farm unit or a member of that person's  
6 family who receives a wild turkey license for use on that  
7 person's farm unit to use the license during any bow or firearm  
8 turkey hunting season. An owner or tenant of a farm unit or  
9 a member of that person's family who receives a deer hunting  
10 license for use on that person's farm unit may use the license  
11 during any bow or firearm deer hunting season. Current law  
12 requires the payment of a \$1 fee that shall be appropriated  
13 to the help us stop hunger (HUSH) program for each free deer  
14 hunting license issued for use on a farm unit.

15 The bill allows an owner or tenant of a farm unit or a member  
16 of that person's family to use on the farm unit a wild turkey  
17 hunting license during any established turkey hunting season  
18 and a deer hunting license during any established deer hunting  
19 season using the method of take authorized by rule for the  
20 respective season being hunted. A tag filled during one of the  
21 seasons will not be valid in subsequent seasons. An owner,  
22 tenant, or family member who receives a free deer hunting  
23 license for use on a farm unit shall pay a fee of \$1.25 for each  
24 license issued that shall be appropriated to the HUSH program.