

Senate Study Bill 3202 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON CHAPMAN)

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:

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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; i
15 the state board of regents; i department of human services; i
16 state department of transportation; i 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; i 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.

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 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.