

**Senate File 366 - Introduced**

SENATE FILE 366  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1122)

**A BILL FOR**

- 1 An Act relating to state taxation and related laws of the state
- 2 including the collection of tax, tax credits, the assessment
- 3 and classification of property, taxes on electricity
- 4 providers, fees for registration of vehicles, sales and
- 5 use tax, and the authority of the director of revenue,
- 6 and providing penalties, and including effective date and
- 7 retroactive applicability provisions.
- 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1

## DIVISION I

2 TAX CREDITS FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY  
3 DEVELOPERS4 Section 1. Section 15.331C, Code 2021, is amended to read  
5 as follows:6 ~~15.331C Corporate tax credit for certain sales taxes paid by~~  
7 ~~third-party developer~~ Third-party developer tax credit.8 1. An eligible business may claim a corporate tax credit  
9 in an amount equal to the sales and use taxes paid by a  
10 third-party developer under chapter 423 for gas, electricity,  
11 water, or sewer utility services, goods, wares, or merchandise,  
12 or on services rendered, furnished, or performed to or for a  
13 contractor or subcontractor and used in the fulfillment of a  
14 written contract relating to the construction or equipping of  
15 a facility of the eligible business. Taxes attributable to  
16 intangible property and furniture and furnishings shall not  
17 be included, but taxes attributable to racks, shelving, and  
18 conveyor equipment to be used in a warehouse or distribution  
19 center shall be included. Any credit in excess of the tax  
20 liability for the tax year may be credited to the tax liability  
21 for the following seven years or until depleted, whichever  
22 occurs earlier. An eligible business may elect to receive a  
23 refund of all or a portion of an unused tax credit.24 2. A third-party developer shall state under oath, on  
25 forms provided by the department of revenue, the amount of  
26 taxes paid as described in subsection 1 and shall submit such  
27 forms to the department of revenue. The taxes paid shall be  
28 itemized to allow identification of the taxes attributable  
29 to racks, shelving, and conveyor equipment to be used in a  
30 warehouse or distribution center. After receiving the form  
31 from the third-party developer, the department of revenue shall  
32 issue a tax credit certificate to the eligible business equal  
33 to the sales and use taxes paid by a third-party developer  
34 under chapter 423 for gas, electricity, water, or sewer  
35 utility services, goods, wares, or merchandise, or on services

1 rendered, furnished, or performed to or for a contractor or  
2 subcontractor and used in the fulfillment of a written contract  
3 relating to the construction or equipping of a facility.  
4 The department of revenue shall also issue a tax credit  
5 certificate to the eligible business equal to the taxes paid  
6 and attributable to racks, shelving, and conveyor equipment to  
7 be used in a warehouse or distribution center. The aggregate  
8 combined total amount of tax refunds under **section 15.331A** for  
9 taxes attributable to racks, shelving, and conveyor equipment  
10 to be used in a warehouse or distribution center and of tax  
11 credit certificates issued by the department of revenue for the  
12 taxes paid and attributable to racks, shelving, and conveyor  
13 equipment to be used in a warehouse or distribution center  
14 shall not exceed five hundred thousand dollars in a fiscal  
15 year. If an applicant for a tax credit certificate does not  
16 receive a certificate for the taxes paid and attributable  
17 to racks, shelving, and conveyor equipment to be used in a  
18 warehouse or distribution center, the application shall be  
19 considered in succeeding fiscal years. The eligible business  
20 shall not claim a tax credit under **this section** unless a tax  
21 credit certificate issued by the department of revenue is  
22 included with the taxpayer's tax return for the tax year for  
23 which the tax credit is claimed. A tax credit certificate  
24 shall contain the eligible business's name, address, tax  
25 identification number, the amount of the tax credit, and other  
26 information deemed necessary by the department of revenue.

27       3. An individual may claim a tax credit under this section  
28 of a partnership, limited liability company, S corporation,  
29 estate, or trust electing to have income taxed directly to  
30 the individual. The amount claimed by the individual shall  
31 be based upon the pro rata share of the individual's earnings  
32 from the partnership, limited liability company, S corporation,  
33 estate, or trust.

34       Sec. 2. Section 15.335A, subsection 2, paragraph d, Code  
35 2021, is amended to read as follows:

1       d. "Sales tax refund" means the sales and use tax refund as  
2 provided under section 15.331A or the corporate tax credit for  
3 certain sales taxes paid by third-party developers developer  
4 tax credit as provided under section 15.331C.

5 Sec. 3. NEW SECTION. 422.11T Third-party developer tax  
6 credit.

7 The taxes imposed under this subchapter, less the credits  
8 allowed under section 422.12, shall be reduced by the  
9 third-party developer tax credit authorized pursuant to  
10 section 15.331C for certain sales taxes paid by a third-party  
11 developer.

12 Sec. 4. Section 422.33, subsection 19, Code 2021, is amended  
13 to read as follows:

14     19. The taxes imposed under this subchapter shall be reduced  
15 by a corporate third-party developer tax credit authorized  
16 pursuant to section 15.331C for certain sales taxes paid by a  
17 third-party developer.

18 Sec. 5. Section 422.60, subsection 8, Code 2021, is amended  
19 to read as follows:

20       8. The taxes imposed under **this subchapter** shall be reduced  
21 by a **corporate third-party developer** tax credit authorized  
22 pursuant to **section 15.331C** for certain sales taxes paid by a  
23 third-party developer.

24 Sec. 6. EFFECTIVE DATE. This division of this Act, being  
25 deemed of immediate importance, takes effect upon enactment.

26 Sec. 7. RETROACTIVE APPLICABILITY. This division of this  
27 Act applies retroactively to January 1, 2020, for tax years  
28 beginning on or after that date.

## DIVISION II

## GEOTHERMAL HEAT PUMP INSTALLATION TAX CREDIT

31 Sec. 8. Section 422.12N, subsection 3, Code 2021, is amended  
32 to read as follows:

33       3. a. A taxpayer must submit an application with the  
34 department for each geothermal heat pump installation. The  
35 application must be approved by the department prior to

1 claiming the credit, and the application must be filed by May 1  
2 following the year of installation of the geothermal heat pump.

3       b. The department shall accept and approve applications  
4 on a first-come, first-served basis until the maximum amount  
5 of tax credits that may be claimed pursuant to subsection 4  
6 is reached. If for a tax year the aggregate amount of tax  
7 credits applied for exceeds the amount specified in subsection  
8 4, the department shall establish a wait list for tax credits.

9 Valid applications filed by the taxpayer by May 1 following the  
10 year of the installation but not approved by the department  
11 shall be placed on a wait list in the order the applications  
12 were received and those applicants shall be given priority  
13 for having their applications approved in succeeding years.  
14 Placement on a wait list pursuant to **this subsection** shall not  
15 constitute a promise binding the state. The availability of a  
16 tax credit and approval of a tax credit application pursuant  
17 to **this section** in a future year is contingent upon the  
18 availability of tax credits in that particular year.

19 Sec. 9. LEGISLATIVE INTENT. It is the intent of the general  
20 assembly that the section of this division amending section  
21 422.12N is a conforming amendment consistent with current state  
22 law, and the amendment does not change the application of the  
23 current law but instead reflects current law both before and  
24 after enactment of this division of this Act.

25 Sec. 10. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 11. RETROACTIVE APPLICABILITY. This division of this  
28 Act applies retroactively to January 1, 2019, for tax years  
29 beginning on or after that date.

### DIVISION III

## TAXES ON ELECTRICITY PROVIDERS

32 Sec. 12. Section 437A.3, subsection 18, paragraph a,  
33 subparagraph (2), Code 2021, is amended to read as follows:

34 (2) (a) An electric power generating plant, except a solar  
35 energy conversion facility, where the acquisition cost of all

l interests acquired exceeds ten million dollars.

2       (b) A solar energy conversion facility where the  
3 acquisition cost of all interests exceeds one million dollars.

4       (c) For purposes of this subparagraph, "electric power  
5 generating plant":

6       (i) "*Electric power generating plant*" means each nameplate  
7 rated electric power generating plant owned solely or jointly  
8 by any person or electric power facility financed under the  
9 provisions of chapter 28F or 476A in which electrical energy is  
10 produced from other forms of energy, including all equipment  
11 used in the production of such energy through its step-up  
12 transformer.

13       (ii) "*Solar energy conversion facility*" means the same as  
14 defined in section 476C.1.

## DIVISION IV

**FEE FOR NEW REGISTRATION — VEHICLES**

17 Sec. 13. Section 321.105A, subsection 2, paragraph a, Code  
18 2021, is amended to read as follows:

19     a. For purposes of **this subsection**, "purchase price"  
20 applies to the measure subject to the fee for new registration.  
21 "Purchase price" shall be determined in the same manner as  
22 "sales price" is determined for purposes of computing the tax  
23 imposed upon the sales price of tangible personal property  
24 under **chapter 423**, pursuant to the definition of sales price  
25 in **section 423.1**, ~~subject to the following exemptions.~~ The  
26 following are exempt from the fee for new registration imposed  
27 by this subsection:

28       (1) Exempted from the purchase price of any vehicle subject  
29 to registration is the The amount of any cash rebate which is  
30 provided by a motor vehicle manufacturer to the purchaser of  
31 the vehicle subject to registration so long as the rebate is  
32 applied to the purchase price of the vehicle.

33 (2) (a) In transactions, except those subject to  
34 subparagraph division (b), in which a vehicle subject to  
35 registration is traded toward the purchase price of another

1 vehicle subject to registration, the ~~purchase price is only~~  
2 ~~that portion of the purchase price which is not~~ valued in  
3 money, whether received in money or not, if the following  
4 conditions are met:

5 (i) The vehicle traded to the retailer is the type of  
6 vehicle normally sold in the regular course of the retailer's  
7 business.

8 (ii) The vehicle traded to the retailer is intended by the  
9 retailer to be ultimately sold at retail or is intended to be  
10 used by the retailer or another in the remanufacturing of a  
11 like vehicle.

12 (b) In a transaction between persons, neither of which is  
13 a retailer of vehicles subject to registration, in which a  
14 vehicle subject to registration is traded toward the purchase  
15 price of another vehicle subject to registration, the amount  
16 of the trade-in value allowed on the vehicle subject to  
17 registration traded is ~~exempted from the purchase price~~.

18 (c) ~~In order for the trade-in value to be excluded from~~  
19 ~~the purchase price, the name or names~~ The person listed on the  
20 title and registration of the newly acquired vehicle being  
21 purchased must be the same ~~name or names~~ person listed on the  
22 title and registration of the traded vehicle being traded in  
23 order to exclude the trade-in value from the purchase price.

24 The Additionally, the following trades qualify under this  
25 subparagraph division (c):

26 (i) A trade involving between spouses, if the traded vehicle  
27 and the acquired vehicle are titled in the name of one or both  
28 of the spouses, with no outside party named on the title.

29 (ii) A trade involving a grandparent, parent, or child  
30 between lineal family members, including adopted and step  
31 relationships, if ~~the name of~~ one of the family members from  
32 the title of the traded vehicle is also on the title of the  
33 newly acquired vehicle.

34 (iii) A trade involving a business an entity, if one of the  
35 owners listed on the title of the traded vehicle is a business,

1 and an entity. If multiple names are on the names on the title  
2 are must be separated by "or". For purposes of trades under  
3 this subparagraph subdivision, a sole proprietorship shall not  
4 be distinguished from an individual owner.

5 (iv) A trade in which the vehicle being purchased is titled  
6 in the name of an individual other than the owner of the traded  
7 vehicle due to the cosigning requirements of a financial  
8 institution.

9 (3) ~~Exempted from the purchase price~~ The fair market  
10 value of a replacement motor vehicle owned by a motor vehicle  
11 dealer licensed under chapter 322 which is being registered  
12 by that dealer and is not otherwise exempt from the fee for  
13 new registration, ~~is the fair market value of a replaced motor~~  
14 ~~vehicle if all of the following conditions are met:~~

15 (a) The motor vehicle being registered is being placed in  
16 service as a replacement motor vehicle for a motor vehicle  
17 registered by the motor vehicle dealer.

18 (b) The motor vehicle being registered is taken from the  
19 motor vehicle dealer's inventory.

20 (c) Use tax or the fee for new registration on the motor  
21 vehicle being replaced was paid by the motor vehicle dealer  
22 when that motor vehicle was registered.

23 (d) The replaced motor vehicle is returned to the motor  
24 vehicle dealer's inventory for sale.

25 (e) The application for registration and title of the motor  
26 vehicle being registered is filed with the county treasurer  
27 within two weeks of the date the replaced motor vehicle is  
28 returned to the motor vehicle dealer's inventory.

29 (f) The motor vehicle being registered is placed in the same  
30 or substantially similar service as the replaced motor vehicle.

31 Sec. 14. Section 321.105A, subsection 2, paragraph c,  
32 subparagraph (1), Code 2021, is amended to read as follows:

33 (1) Entities listed in section 423.3, subsections 17, 18,  
34 19, 20, 21, 22, 26, 27, 28, 31, and 79, to the extent that  
35 those entities are exempt from the tax imposed on the sale of

1 tangible personal property, consisting of goods, wares, or  
2 merchandise, sold at retail in the state to consumers or users.

3 Sec. 15. Section 321.105A, subsection 2, paragraph c,  
4 subparagraph (3), subparagraph divisions (a) and (c), Code  
5 2021, are amended to read as follows:

6 (a) Vehicles subject to registration which are transferred  
7 from a business or individual conducting a business within  
8 this state as a sole proprietorship, partnership, or limited  
9 liability company to a corporation formed by the sole  
10 proprietorship, partnership, or limited liability company for  
11 the purpose of continuing the business when all of the stock  
12 of the corporation so formed is owned by the sole proprietor  
13 and the sole proprietor's spouse, by all the partners in the  
14 case of a partnership, or by all the members in the case of a  
15 limited liability company. This exemption is equally available  
16 where the vehicles subject to registration are transferred from  
17 a corporation to a sole proprietorship, partnership, or limited  
18 liability company formed by that corporation for the purpose of  
19 continuing the business when all of the incidents of ownership  
20 are owned by the same person or persons who were stockholders  
21 of the corporation. an entity doing business within this state  
22 to another entity doing business within this state if all of  
23 the following apply:

24 (i) The receiving entity was formed by the transferring  
25 entity for the purpose of continuing the business.

26 (ii) (A) All ownership remains the same and in the  
27 same proportions as the previous ownership with no fewer or  
28 additional owners or replacement owners.

29 (B) In the case of a sole proprietorship, the spouse of the  
30 sole proprietor may stand in place of the sole proprietor.

31 (c) This exemption applies to corporations that For an  
32 exemption under this subparagraph, a receiving entity shall  
33 have been in existence for not longer than twenty-four months.

34 Sec. 16. Section 321.105A, subsection 2, paragraph c,  
35 subparagraphs (7), (8), (15), (18), and (19), Code 2021, are

1 amended to read as follows:

2       (7) Vehicles subject to registration in this state for  
3 which the applicant for registration has paid to another state  
4 a state sales, use, or occupational tax, or paid the equivalent  
5 sales or excise tax of another country to that country.

6 However, if the tax paid to another state or country is less  
7 than the fee for new registration calculated for the vehicle,  
8 the difference shall be the amount to be collected as the fee  
9 for new registration.

10     (8) A vehicle subject to registration in this state which is  
11 owned by a person who has moved from another state or country  
12 with the intention of changing residency to Iowa, provided that  
13 the vehicle was purchased for use in the state or country from  
14 which the applicant moved and was not, at or near the time of  
15 purchase, purchased for use in Iowa.

16     (15) Vehicles purchased by a licensed wholesaler of new  
17 motor vehicles licensed under section 322.27A for resale by the  
18 same wholesaler.

19     (18) A vehicle delivered to a resident Native American  
20 Indian on the a reservation.

21     (19) A vehicle transferred from one individual to another  
22 individual as a gift in a transaction in which no consideration  
23 is present.

24     Sec. 17. Section 321.105A, subsection 2, paragraph c,  
25 subparagraph (25), unnumbered paragraph 1, Code 2021, is  
26 amended to read as follows:

27     Vehicles subject to registration under this chapter with  
28 ~~a gross vehicle weight rating of less than sixteen thousand~~  
29 pounds when purchased for lease and titled by the lessor  
30 licensed pursuant to chapter 321F and actually leased for a  
31 period of twelve six months or more if the lease of the vehicle  
32 is subject to the fee for new registration under subsection  
33 3 or exempt from the fee for new registration pursuant to  
34 subsection 3, paragraph "f".

35     Sec. 18. Section 321.105A, subsection 3, paragraphs a and e,

1 Code 2021, are amended to read as follows:

2       a. A fee for new registration is imposed in an amount equal  
3 to five percent of the leased price for each vehicle subject to  
4 registration with a gross vehicle weight rating of less than  
5 sixteen thousand pounds which is leased by a lessor licensed  
6 pursuant to **chapter 321F** for a period of **twelve six** months  
7 or more. The fee for new registration shall be paid by the  
8 owner of the vehicle to the county treasurer from whom the  
9 registration receipt or certificate of title is obtained. A  
10 registration receipt for a vehicle subject to registration or  
11 issuance of a certificate of title shall not be issued until  
12 the fee for new registration is paid in the initial instance.

13       e. If the lease is terminated or voided prior to the  
14 termination date contained in the lease agreement, no refund  
15 shall be allowed for a fee for new registration previously paid  
16 under **this section**, except as provided in **section 322G.4**.

17       Sec. 19. Section 321.105A, subsection 7, Code 2021, is  
18 amended to read as follows:

19       7. ~~Penalty for false statement or evasion of fee Penalties.~~

20       a. False statement. A person who willfully makes a false  
21 statement in regard to the purchase price of a vehicle subject  
22 to a fee for new registration or willfully attempts in any  
23 manner to evade payment of the fee required by **this section**  
24 is guilty of a fraudulent practice. A person who willfully  
25 makes a false statement in regard to the purchase price of  
26 such a vehicle with the intent to evade payment of the fee for  
27 new registration or willfully attempts in any manner to evade  
28 payment of the fee required by **this section** shall be assessed  
29 a penalty of seventy-five percent of the amount of the fee  
30 unpaid and required to be paid on the actual purchase price  
31 less trade-in allowance.

32       b. Evasion fee. An Iowa resident found to be in control  
33 of a vehicle which is owned by a shell business and for which  
34 the fee for new registration has not been paid, as provided  
35 in **section 321.55, subsection 2**, is guilty of a fraudulent

1 practice. An Iowa resident found to be in control of a vehicle  
2 which is owned by a shell business and for which the fee for new  
3 registration has not been paid, as provided in section 321.55,  
4 subsection 2, shall be assessed a penalty of seventy-five  
5 percent of the amount of the fee unpaid and required to be paid  
6 on the actual purchase price less trade-in allowance.

*c. Failure to file.* If a person required by this chapter to file an application for certificate of title or registration with the county treasurer fails to file such application or registration on or before the due date for such application or registration, a penalty in the amount of ten percent of the fee for new registration due shall be added to the fee.

13      d. Underpayment. If a person required by this chapter to

14 file an application for certificate of title or registration

15 with the county treasurer files such application or

16 registration with any inaccurate information that results in

17 the person paying less than the full amount of the fee for new

18 registration, penalties, or interest that was due at the time

19 of application, a penalty in the amount of five percent of the

20 fee for new registration due shall be added to the fee.

## DIVISION V

## PENALTIES — IMPUTED IOWA LIABILITY

23 Sec. 20. Section 421.27, subsection 9, paragraph a, Code  
24 2021, is amended to read as follows:

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

26 (1) In the case of corporations other than corporations  
27 described in section 422.34 or section 422.36, subsection 5,  
28 the corporation's Iowa net income after the application of the  
29 Iowa business activity ratio, if applicable, multiplied by the  
30 top income tax rate imposed under section 422.33 for the tax  
31 year, less any Iowa tax credits available to the corporation.

32 (2) In the case of financial institutions as defined in  
33 section 422.61, the financial institution's Iowa net income  
34 after the application of the Iowa business activity ratio, if  
35 applicable, multiplied by the franchise tax rate imposed under

1 section 422.63 for the tax year, less any Iowa tax credits  
2 available to the financial institution.

3 (3) In this case of all other entities, including  
4 corporations described in **section 422.36, subsection 5**, and all  
5 other entities required to file an information return under  
6 section 422.15, subsection 2, the entity's Iowa net income  
7 after the application of the Iowa business activity ratio, if  
8 applicable, multiplied by the top income tax rate imposed under  
9 section 422.5A for the tax year, less any Iowa tax credits  
10 available to the entity.

11 DIVISION VI

12 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING

13 Sec. 21. Section 422.7, subsection 59, Code 2021, is amended  
14 to read as follows:

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

20 Sec. 22. Section 422.25A, subsection 1, paragraph k,  
21 subparagraph (1), Code 2021, is amended to read as follows:

22 (1) In the case of a federal partnership adjustment that  
23 arises from a partnership level audit, the first day on which  
24 no federal adjustments arising from that audit remain to  
25 be finally determined, whether by internal revenue service  
26 decision with respect to which all rights of appeal have  
27 been waived or exhausted, by agreement, or, if appealed or  
28 contested, by a final decision with respect to which all rights  
29 of appeal have been waived or exhausted. For agreements  
30 required to be signed by the internal revenue service and the  
31 audited partnership, the final determination date is the date  
32 on which the last party signed the agreement.

33 Sec. 23. Section 422.25A, subsection 4, Code 2021, is  
34 amended to read as follows:

35 4. *Reporting and payment requirements for audited*

1 partnerships and their partners subject to final federal  
2 partnership adjustments.

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

8           (1) File a completed federal adjustments report.

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

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

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

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

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

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

1 report under **section 422.16** if one was originally required to  
2 be filed.

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

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

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

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

25 (3) Within ninety days after the time for filing and  
26 furnishing statements to tiered partners and their partners  
27 as established by section 6226 of the Internal Revenue Code  
28 and the regulations thereunder, if the indirect partner  
29 is a tiered partner and subject to **section 422.13**, file an  
30 amended composite return under **section 422.13** if such return  
31 was originally filed, and if applicable for withholding from  
32 partners, file an amended withholding report under section  
33 422.16 if one was originally required to be filed.

34 (4) Within ninety days after the time for filing and  
35 furnishing statements to tiered partners and the partners of

1 the tiered partners as established by section 6226 of the  
2 Internal Revenue Code and the regulations thereunder, pay any  
3 additional amount due under **this title**, including any penalty  
4 and interest that would have been due had the final federal  
5 partnership adjustments been reported properly as required.

6 Sec. 24. Section 422.25A, subsection 5, paragraph a, Code  
7 2021, is amended to read as follows:

8 a. An audited partnership, or a tiered partner of an audited  
9 partnership that receives a notification of a final federal  
10 partnership adjustment under subsection 4 of a final federal  
11 partnership adjustment arising from a partnership level audit,  
12 may make an election to pay as provided under **this subsection**.

13 Sec. 25. Section 422.25A, subsection 5, paragraph b,  
14 unnumbered paragraph 1, Code 2021, is amended to read as  
15 follows:

16 An audited partnership or tiered partner makes shall make an  
17 election to pay under **this subsection** by filing in the manner  
18 and form prescribed by the department. The audited partnership  
19 or tiered partner making an election to pay shall file a  
20 completed federal adjustments report, notifying the department  
21 in the manner and form prescribed by the department that it is  
22 making the election under **this subsection**, notifying notify  
23 each of the direct partners of such partner's distributive  
24 share of the adjustments, and paying pay on behalf of its  
25 partners an amount calculated in paragraph "c", including any  
26 applicable penalty and interest. These requirements shall all  
27 be fulfilled within one of the following time periods:

28 Sec. 26. Section 422.25A, subsection 5, paragraph c,  
29 subparagraph (6), Code 2021, is amended to read as follows:

30 (6) (a) Total the amounts computed pursuant to  
31 subparagraphs (2) through (5) and calculate any interest and  
32 penalty as provided under **this title**. Notwithstanding any  
33 provision of law to the contrary, interest and penalties on the  
34 amount due by the audited partnership or tiered partner shall  
35 be computed from the day after the due date of the reviewed

1 year return without extension, and shall be imposed as if the  
2 audited partnership or tiered partner was required to pay tax  
3 or show tax due on the original return for the reviewed year.

4       (b) The director may establish rules providing for the  
5 calculation of amounts due under this subsection for federal  
6 partnership adjustments that affect state tax owed but that do  
7 not fit within the calculation in subparagraphs (2) through  
8 (5), such as tax credit changes. The director may establish  
9 rules that include changes related to state-specific issues  
10 following a state partnership audit in the election to pay and  
11 calculation of amounts due under this subsection, including  
12 but not limited to allocation and apportionment. Interest and  
13 penalty shall be computed in the same manner as described in  
14 subparagraph division (a).

15       Sec. 27. Section 422.25A, subsection 7, paragraph d, Code  
16 2021, is amended to read as follows:

17       d. Nothing in **this section** shall prohibit the department  
18 from assessing direct partners and indirect partners for taxes  
19 they owe in the event that ~~an audited~~ a partnership or tiered  
20 partner fails to timely make any report or payment required by  
21 this section for any reason.

22       Sec. 28. Section 422.25A, subsection 8, paragraph a, Code  
23 2021, is amended to read as follows:

24       a. The department shall assess additional Iowa income  
25 tax, interest, and penalties arising from final federal  
26 partnership adjustments in the same manner as provided in  
27 this title unless a different treatment is provided by this  
28 subsection. Since final federal partnership adjustments are  
29 determined at the ~~audited~~ partnership level, any assessment  
30 issued to partners shall not be appealable by the partner.  
31 The department may assess any taxes, including on-behalf-of  
32 amounts, interest, and penalties arising from the final federal  
33 partnership adjustments if it issues a notice of assessment to  
34 the ~~audited~~ partnership, tiered partner, or other direct or  
35 indirect partner on or before the expiration of the applicable

1 limitations period specified in section 422.25.

2 Sec. 29. Section 422.25C, subsection 4, Code 2021, is  
3 amended to read as follows:

4 4. If the department, the partnership or pass-through  
5 entity, and owners representing a majority of the ownership  
6 interests in the partnership or pass-through entity owners  
7 agree, the provisions of this section may be applied to tax  
8 years beginning before January 1, 2020.

9 Sec. 30. Section 422.35, subsection 26, Code 2021, is  
10 amended to read as follows:

11 26. Any income adjustment subtracted from federal taxable  
12 income for an adjustment year pursuant to section 6225 of the  
13 Internal Revenue Code and the regulations thereunder shall be  
14 added back in computing net income of the partnership and the  
15 partners for state tax purposes for the adjustment year.

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

18 Sec. 32. RETROACTIVE APPLICABILITY. This division of this  
19 Act applies retroactively to July 1, 2020, and applies to  
20 federal adjustments and federal partnership adjustments that  
21 have a final determination date after July 1, 2020.

22 DIVISION VII

23 VEHICLE REGISTRATION RENEWALS AND COLLECTIONS BY COUNTY  
24 TREASURERS — CENTRALIZED COLLECTION UNIT — DEPARTMENT OF  
25 REVENUE

26 Sec. 33. Section 321.40, subsection 6, paragraph b, Code  
27 2021, is amended to read as follows:

28 b. The A county treasurer of the county of the person's  
residence and in which the person's vehicle is registered,  
30 in cooperation with the department of revenue, may collect  
31 from a person applying for renewal of a vehicle registration  
32 delinquent taxes, including penalties and interest owed to  
33 the state from a person applying for renewal of a vehicle  
34 registration, and nontax liabilities being collected by  
35 the central collection unit of the department of revenue

1 pursuant to section 421.17, subsection 27. The applicant  
2 may remit full payment of the taxes balance owed including  
3 applicable penalties and interest, along with a processing  
4 fee of five dollars, to the county treasurer at the time of  
5 registration renewal. Upon full payment of the required taxes  
6 balance owed including applicable penalties and interest, the  
7 processing fee, and the vehicle registration fee, the county  
8 treasurer shall issue the registration to the person. A county  
9 treasurer collecting on behalf of the department of revenue  
10 shall update the vehicle registration records through the  
11 distributed teleprocessing network on a daily basis for all  
12 persons who have paid taxes or other balances owed pursuant to  
13 this subsection. A county treasurer shall forward all funds  
14 collected for the department of revenue to the department of  
15 revenue.

16 Sec. 34. Section 421.17, subsection 27, paragraph k, Code  
17 2021, is amended to read as follows:

18 k. A Pursuant to section 321.40, subsection 6, and rules  
19 adopted pursuant to this paragraph, a county treasurer may  
20 collect delinquent taxes, including penalties and interest,  
21 administered by the department in conjunction with renewal  
22 of a vehicle registration as provided in section 321.40,  
23 subsection 6, paragraph "b", and rules adopted pursuant to  
24 this paragraph and nontax liabilities being collected by  
25 the central collection unit of the department of revenue.  
26 County treasurers shall be given access to information  
27 required for the collection of delinquent taxes, including  
28 penalties and interest, as necessary to accomplish the  
29 purposes of **section 321.40, subsection 6, paragraph "b".** The  
30 confidentiality provisions of **sections 422.20 and 422.72** do not  
31 apply to information provided by the department to a county  
32 treasurer pursuant to this paragraph. A county treasurer  
33 collecting taxes, penalties, and interest administered by  
34 the department is subject to the requirements and penalties  
35 of the confidentiality laws of this state regarding tax or

1 indebtedness information. The director shall adopt rules to  
2 implement the ~~collection of tax debt as collections~~ authorized  
3 in section 321.40 and this paragraph.

4 DIVISION VIII

5 GARNISHMENT

6 Sec. 35. Section 626.31, Code 2021, is amended to read as  
7 follows:

8 626.31 Return of garnishment — action docketed — distress  
9 action.

10 Where parties have been garnished under a distress  
11 warrant issued by the director of revenue or the director of  
12 inspections and appeals, the officer shall make return thereof  
13 to the court in the county where the garnishee lives, if the  
14 garnishee lives in Iowa, otherwise in the county where the  
15 taxpayer resides, if the taxpayer lives in Iowa; and if neither  
16 the garnishee nor the taxpayer lives in Iowa, then to the  
17 district court in Polk county, Iowa; the officer shall make  
18 return in the same manner as a return is made on a garnishment  
19 made under a writ of execution so far as they relate to  
20 garnishments, and the clerk of the district court shall docket  
21 an action thereon without fee the same as if a judgment had  
22 been recovered against the taxpayer in the county where the  
23 return is made, an execution issued thereon, and garnishment  
24 made thereunder, and thereafter the proceedings shall conform  
25 to proceedings in garnishment under attachments as nearly as  
26 may be. The warrant shall be considered in all respects as a  
27 final judgment.

28 DIVISION IX

29 SNOWMOBILES, ALL-TERRAIN VEHICLES, AND VESSELS — PURCHASES —  
30 PAYMENT OF SALES OR USE TAX

31 Sec. 36. Section 321G.4, subsection 2, paragraph b, Code  
32 2021, is amended to read as follows:

33 b. If the owner of the snowmobile is unable to present  
34 satisfactory evidence that the sales or use tax has been paid,  
35 the county recorder shall collect the tax. On or before the

1 tenth day of each month, the county recorder shall remit to  
2 the department of revenue the amount of the taxes collected  
3 during the preceding month, ~~together with an itemized statement~~  
4 ~~on forms furnished by the department of revenue showing the~~  
5 ~~name of each taxpayer, the make and purchase price of each~~  
6 ~~snowmobile, the amount of tax paid, and such other information~~  
7 ~~as the department of revenue requires in a manner prescribed~~  
8 by the department.

9 Sec. 37. Section 321I.4, subsection 2, paragraph b, Code  
10 2021, is amended to read as follows:

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

22 Sec. 38. Section 462A.55, Code 2021, is amended to read as  
23 follows:

24 **462A.55 Sales or use tax to be paid before registration.**

25 No vessel shall be registered by the county recorder until  
26 there has been presented to the recorder receipts, bills of  
27 sale, or other satisfactory evidence that the sales or use tax  
28 has been paid for the purchase of the vessel. If the owner  
29 of the vessel is unable to present satisfactory evidence that  
30 the sales or use tax has been paid, the county recorder shall  
31 collect the tax. On or before the tenth day of each month, the  
32 county recorder shall remit to the department of revenue the  
33 amount of the taxes so collected during the preceding month,  
34 ~~together with an itemized statement on forms furnished by the~~  
35 ~~department of revenue showing the name of each taxpayer, the~~

1 ~~make and purchase price of each vessel and motor, the amount~~  
2 ~~of tax paid, and such other information as the department of~~  
3 ~~revenue shall require in a manner prescribed by the department.~~

4 DIVISION X

5 TANGIBLE PERSONAL PROPERTY — RENTALS — SALES AND USE TAX

6 Sec. 39. Section 9C.1, subsection 1, Code 2021, is amended  
7 to read as follows:

8 1. As used in **this chapter**, the term "*transient merchant*"  
9 shall mean and include every merchant, whether an individual  
10 person, a firm, corporation, partnership, or association, and  
11 whether owner, agent, bailee, consignee, or employee, who shall  
12 bring or cause to be brought within the state of Iowa any  
13 ~~goods, wares, or merchandise~~ tangible personal property of any  
14 kind, nature, or description, with the intention of temporarily  
15 or intermittently selling or offering to sell at retail such  
16 ~~goods, wares, or merchandise~~ tangible personal property within  
17 the state of Iowa. The term "*transient merchant*" shall also  
18 mean and include every merchant, whether an individual person,  
19 a firm, corporation, partnership, or an association, who shall  
20 by itself, or by agent, consignee, or employee, temporarily or  
21 intermittently engage in or conduct at one or more locations a  
22 business within the state of Iowa for the sale at retail of any  
23 ~~goods, wares, or merchandise~~ tangible personal property of any  
24 nature or description.

25 Sec. 40. Section 9C.2, Code 2021, is amended to read as  
26 follows:

27 **9C.2 License required.**

28 It shall be unlawful for any transient merchant to sell,  
29 dispose of, or offer for sale any ~~goods, wares or merchandise~~  
30 tangible personal property of any kind, nature or description,  
31 at any time or place within the state of Iowa, outside the  
32 limits of any city in the state of Iowa, or within the limits  
33 of any city in the state of Iowa that has not by ordinance  
34 provided for the licensing of transient merchants, unless such  
35 transient merchant has a valid license as provided in this

1 chapter and has complied with the regulations set forth in this  
2 chapter.

3 Sec. 41. Section 9C.3, unnumbered paragraph 1, Code 2021,  
4 is amended to read as follows:

5 Any transient merchant desiring a transient merchant's  
6 license shall at least ten days prior to the first day any sale  
7 is made, file with the secretary of state of the state of Iowa  
8 an application in writing duly verified by the person, firm,  
9 corporation, partnership, or association proposing to sell  
10 or offer to sell at retail any ~~goods, wares, or merchandise~~  
11 tangible personal property, or to engage in or conduct a  
12 temporary or intermittent business for the sale at retail of  
13 any ~~goods, wares, or merchandise~~ tangible personal property.

14 The application shall state the following facts:

15 Sec. 42. Section 9C.3, subsections 2, 5, 6, and 7, Code  
16 2021, are amended to read as follows:

17 2. If the application be made by an agent, bailee,  
18 consignee, or employee, the application shall so state and set  
19 out the name and address of such agent, bailee, consignee, or  
20 employee and shall also set out the name and address of the  
21 owner of the ~~goods, wares, and merchandise~~ tangible personal  
22 property to be sold or offered for sale.

23 5. The value of the ~~goods~~ tangible personal property to be  
24 sold or offered for sale or the average inventory to be carried  
25 by any such transient merchant engaging in or conducting an  
26 intermittent or temporary business as the case may be.

27 6. The date or dates upon which said ~~goods, wares, or~~  
28 merchandise tangible personal property shall be sold or offered  
29 for sale, or the date or dates upon which it is the intention  
30 of the applicant to engage in or conduct a temporary or  
31 intermittent business.

32 7. The location and address where such ~~goods, wares, or~~  
33 merchandise tangible personal property shall be sold or offered  
34 for sale, or such business engaged in or conducted.

35 Sec. 43. Section 9C.4, subsection 1, Code 2021, is amended

1 to read as follows:

2     1. At the time and as part of filing the application, the  
3 applicant shall file with the secretary of state a bond, with  
4 sureties to be approved by the secretary of state, in a penal  
5 sum two times the value of the ~~goods, wares or merchandise~~  
6 tangible personal property to be sold or offered for sale or  
7 the average inventory to be carried by such transient merchant  
8 engaged in or conducting an intermittent or temporary business  
9 as the case may be as shown by the application, running to the  
10 state of Iowa, for the use and benefit of any purchaser of any  
11 ~~merchandise~~ tangible personal property from such transient  
12 merchant who might have a cause of action of any nature arising  
13 from or out of such sale against the applicant or the owner of  
14 such ~~merchandise~~ property if other than the applicant. The  
15 bond shall be conditioned on the payment by the applicant of  
16 all taxes that may be payable by, or due from, the applicant  
17 to the state of Iowa or any subdivision thereof, and shall  
18 be further conditioned for the payment of any fines that may  
19 be assessed by any court against the applicant for violation  
20 of the provision of **this chapter**, as well as for the payment  
21 and satisfaction of any and all causes of action against the  
22 applicant commenced within one year from the date of sale  
23 thereof, and arising from such sale. However, the aggregate  
24 liability of the surety for all such taxes, fines, and causes  
25 of action shall in no event exceed the principal sum of such  
26 bond.

27     Sec. 44. Section 9C.6, Code 2021, is amended to read as  
28 follows:

29     **9C.6 License fee.**

30     Prior to issuing the said transient merchant's license,  
31 the secretary of state shall collect for the state of Iowa a  
32 license fee in the sum of twenty-five dollars for each day the  
33 applicant, as shown by the application, shall propose to sell  
34 or offer for sale any ~~goods, wares or merchandise~~ tangible  
35 personal property, or for each day the applicant, as shown by

1 the application, proposes to engage in and conduct a business  
2 as a transient merchant as the case may be.

3 Sec. 45. Section 9C.7, Code 2021, is amended to read as  
4 follows:

5 **9C.7 Misrepresentation.**

6 It shall be unlawful for any transient merchant making sales  
7 or engaging in or conducting a business under a transient  
8 merchant's license to make any false or misleading statements  
9 or representation regarding any article sold or offered for  
10 sale by such transient merchant as to condition, quality,  
11 original cost, or cost to such transient merchant of any  
12 article sold or offered for sale or to sell or offer for  
13 sale ~~goods, wares or merchandise tangible personal property~~  
14 of a value in excess of the value thereof as shown by said  
15 application, or to sell or offer for sale at retail any ~~goods,~~  
~~wares or merchandise tangible personal property~~, or to engage  
17 in or conduct an intermittent or temporary business on any days  
18 or at any place other than those shown by such license.

19 Sec. 46. Section 15.331A, subsection 1, Code 2021, is  
20 amended to read as follows:

21 1. The eligible business shall be entitled to a refund  
22 of the sales and use taxes paid under chapter 423 for gas,  
23 electricity, water, or sewer utility services, ~~goods, wares,~~  
~~or merchandise tangible personal property~~, or on services  
25 rendered, furnished, or performed to or for a contractor or  
26 subcontractor and used in the fulfillment of a written contract  
27 relating to the construction or equipping of a facility that is  
28 part of a project of the eligible business. Taxes attributable  
29 to intangible property and furniture and furnishings shall not  
30 be refunded. However, an eligible business shall be entitled  
31 to a refund for taxes attributable to racks, shelving, and  
32 conveyor equipment to be used in a warehouse or distribution  
33 center subject to section 15.331C.

34 Sec. 47. Section 15.331A, subsection 2, paragraphs a and b,  
35 Code 2021, are amended to read as follows:

1       a. The contractor or subcontractor shall state under  
2 oath, on forms provided by the department of revenue, the  
3 amount of the sales of ~~goods, wares, or merchandise~~ tangible  
4 personal property or services rendered, furnished, or performed  
5 including water, sewer, gas, and electric utility services  
6 upon which sales or use tax has been paid prior to the project  
7 completion, and shall file the forms with the eligible business  
8 before final settlement is made.

9       b. The eligible business shall, not more than one year  
10 after project completion, make application to the department  
11 of revenue for any refund of the amount of the sales and use  
12 taxes paid pursuant to **chapter 423** upon any ~~goods, wares, or~~  
13 ~~merchandise~~ tangible personal property, or services rendered,  
14 furnished, or performed, including water, sewer, gas, and  
15 electric utility services. The application shall be made in  
16 the manner and upon forms to be provided by the department of  
17 revenue, and the department of revenue shall audit the claim  
18 and, if approved, issue a warrant to the eligible business in  
19 the amount of the sales or use tax which has been paid to the  
20 state of Iowa under a contract. A claim filed by the eligible  
21 business in accordance with **this section** shall not be denied  
22 by reason of a limitation provision set forth in **chapter 421**  
23 or **423**.

24      Sec. 48. Section 15.331C, Code 2021, is amended to read as  
25 follows:

26      **15.331C Corporate tax credit for certain sales taxes paid by**  
27 **third-party developer.**

28      1. An eligible business may claim a corporate tax credit  
29 in an amount equal to the sales and use taxes paid by a  
30 third-party developer under **chapter 423** for gas, electricity,  
31 water, or sewer utility services, ~~goods, wares, or merchandise~~  
32 tangible personal property, or on services rendered, furnished,  
33 or performed to or for a contractor or subcontractor and  
34 used in the fulfillment of a written contract relating to  
35 the construction or equipping of a facility of the eligible

1 business. Taxes attributable to intangible property and  
2 furniture and furnishings shall not be included, but taxes  
3 attributable to racks, shelving, and conveyor equipment to be  
4 used in a warehouse or distribution center shall be included.  
5 Any credit in excess of the tax liability for the tax year  
6 may be credited to the tax liability for the following seven  
7 years or until depleted, whichever occurs earlier. An eligible  
8 business may elect to receive a refund of all or a portion of an  
9 unused tax credit.

10       2. A third-party developer shall state under oath, on forms  
11 provided by the department of revenue, the amount of taxes paid  
12 as described in **subsection 1** and shall submit such forms to  
13 the department of revenue. The taxes paid shall be itemized  
14 to allow identification of the taxes attributable to racks,  
15 shelving, and conveyor equipment to be used in a warehouse  
16 or distribution center. After receiving the form from the  
17 third-party developer, the department of revenue shall issue  
18 a tax credit certificate to the eligible business equal to  
19 the sales and use taxes paid by a third-party developer under  
20 chapter 423 for gas, electricity, water, or sewer utility  
21 services, ~~goods, wares, or merchandise tangible personal~~  
22 property, or on services rendered, furnished, or performed  
23 to or for a contractor or subcontractor and used in the  
24 fulfillment of a written contract relating to the construction  
25 or equipping of a facility. The department of revenue  
26 shall also issue a tax credit certificate to the eligible  
27 business equal to the taxes paid and attributable to racks,  
28 shelving, and conveyor equipment to be used in a warehouse  
29 or distribution center. The aggregate combined total amount  
30 of tax refunds under **section 15.331A** for taxes attributable  
31 to racks, shelving, and conveyor equipment to be used in a  
32 warehouse or distribution center and of tax credit certificates  
33 issued by the department of revenue for the taxes paid and  
34 attributable to racks, shelving, and conveyor equipment  
35 to be used in a warehouse or distribution center shall not

1 exceed five hundred thousand dollars in a fiscal year. If  
2 an applicant for a tax credit certificate does not receive  
3 a certificate for the taxes paid and attributable to racks,  
4 shelving, and conveyor equipment to be used in a warehouse  
5 or distribution center, the application shall be considered  
6 in succeeding fiscal years. The eligible business shall not  
7 claim a tax credit under **this section** unless a tax credit  
8 certificate issued by the department of revenue is included  
9 with the taxpayer's tax return for the tax year for which the  
10 tax credit is claimed. A tax credit certificate shall contain  
11 the eligible business's name, address, tax identification  
12 number, the amount of the tax credit, and other information  
13 deemed necessary by the department of revenue.

14 Sec. 49. Section 321.105A, subsection 3, paragraph f,  
15 subparagraph (1), Code 2021, is amended to read as follows:

16 (1) Vehicles leased to entities listed in section 423.3,  
17 subsections 17, 18, 19, 20, 21, 22, 26, 27, 28, 31, and 79, to  
18 the extent that those entities are exempt from the tax imposed  
19 on the sale of tangible personal property, ~~consisting of goods,~~  
20 ~~wares, or merchandise,~~ sold at retail in the state to consumers  
21 or users.

22 Sec. 50. Section 423.1, subsection 21, Code 2021, is amended  
23 by striking the subsection.

24 Sec. 51. Section 423.1, subsection 50, Code 2021, is amended  
25 to read as follows:

26 50. a. "Sales" or "sale" means any transfer, exchange, or  
27 barter, conditional or otherwise, in any manner or by any means  
28 whatsoever, for consideration, including but not limited to any  
29 such transfer, exchange, or barter on a subscription basis.

30 b. "Sales" or "sale" includes a rental.

31 Sec. 52. Section 423.2, subsection 1, unnumbered paragraph  
32 1, Code 2021, is amended to read as follows:

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

1 or users except as otherwise provided in [this subchapter](#).

2 Sec. 53. Section 423.3, subsections 13, 46, 47A, 75, and 76,  
3 Code 2021, are amended to read as follows:

4 13. The sales price from the sale ~~or rental~~ of irrigation  
5 equipment, whether installed above or below ground, to a  
6 contractor or farmer if the equipment will be primarily used in  
7 agricultural operations.

8 46. The sales price from sales ~~or rentals~~ to a printer or  
9 publisher of the following: acetate; anti-halation backing;  
10 antistatic spray; back lining; base material used as a carrier  
11 for light sensitive emulsions; blankets; blow-ups; bronze  
12 powder; carbon tissue; codas; color filters; color separations;  
13 contacts; continuous tone separations; creative art; custom  
14 dies and die cutting materials; dampener sleeves; dampening  
15 solution; design and styling; diazo coating; dot etching; dot  
16 etching solutions; drawings; drawsheets; driers; duplicate  
17 films or prints; electronically digitized images; electrotypes;  
18 end product of image modulation; engravings; etch solutions;  
19 film; finished art or final art; fix; fixative spray; flats;  
20 flying pasters; foils; goldenrod paper; gum; halftones;  
21 illustrations; ink; ink paste; keylines; lacquer; lasering  
22 images; layouts; lettering; line negatives and positives;  
23 linotypes; lithographic offset plates; magnesium and zinc  
24 etchings; masking paper; masks; masters; mats; mat service;  
25 metal toner; models and modeling; mylar; negatives; nonoffset  
26 spray; opaque film process paper; opaquing; padding compound;  
27 paper stock; photographic materials: acids, plastic film,  
28 desensitizer emulsion, exposure chemicals, fix, developers,  
29 and paper; photography, day rate; photopolymer coating;  
30 photographs; photostats; photo-display tape; phototypesetter  
31 materials; pH-indicator sticks; positives; press pack; printing  
32 cylinders; printing plates, all types; process lettering;  
33 proof paper; proofs and proof processes, all types; pumice  
34 powder; purchased author alterations; purchased composition;  
35 purchased phototypesetting; purchased stripping and pasteups;

1 red litho tape; reducers; roller covering; screen tints;  
2 sketches; stepped plates; stereotypes; strip types; substrate;  
3 tints; tissue overlays; toners; transparencies; tympan;  
4 typesetting; typography; varnishes; veloxes; wood mounts; and  
5 any other items used in a like capacity to any of the above  
6 enumerated items by the printer or publisher to complete a  
7 finished product for sale at retail. Expendable tools and  
8 supplies which are not enumerated in **this subsection** are  
9 excluded from the exemption. "Printer" means that portion of a  
10 person's business engaged in printing that completes a finished  
11 product for ultimate sale at retail or means that portion of a  
12 person's business used to complete a finished printed packaging  
13 material used to package a product for ultimate sale at retail.  
14 "Printer" does not mean an in-house printer who prints or  
15 copyrights its own materials.

16 47A. The sales price from the sale ~~or rental~~ of central  
17 office equipment or transmission equipment primarily used  
18 by local exchange carriers and competitive local exchange  
19 service providers as defined in **section 476.96**, Code 2017;  
20 by franchised cable television operators, mutual companies,  
21 municipal utilities, cooperatives, and companies furnishing  
22 communications services that are not subject to rate regulation  
23 as provided in **chapter 476**; by long distance companies as  
24 defined in **section 477.10**; or for a commercial mobile radio  
25 service as defined in **47 C.F.R. §20.3** in the furnishing of  
26 telecommunications services on a commercial basis. For the  
27 purposes of **this subsection**, "central office equipment" means  
28 equipment utilized in the initiating, processing, amplifying,  
29 switching, or monitoring of telecommunications services.  
30 "Transmission equipment" means equipment utilized in the process  
31 of sending information from one location to another location.  
32 "Central office equipment" and "transmission equipment" also  
33 include ancillary equipment and apparatus which support,  
34 regulate, control, repair, test, or enable such equipment to  
35 accomplish its function.

1       75. The sales price from the sale ~~or rental~~ of aircraft;  
2 the sale ~~or rental~~ of tangible personal property permanently  
3 affixed or attached as a component part of the aircraft,  
4 including but not limited to repair or replacement materials  
5 or parts; and the sales price of all services used for  
6 aircraft repair, remodeling, and maintenance services when  
7 such services are performed on aircraft, aircraft engines, or  
8 aircraft component materials or parts. For the purposes of  
9 this exemption, "aircraft" means aircraft used in a scheduled  
10 interstate federal aviation administration certificated air  
11 carrier operation.

12      76. The sales price from the sale ~~or rental~~ of tangible  
13 personal property permanently affixed or attached as a  
14 component part of the aircraft, including but not limited  
15 to repair or replacement materials or parts; and the sales  
16 price of all services used for aircraft repair, remodeling,  
17 and maintenance services when such services are performed on  
18 aircraft, aircraft engines, or aircraft component materials or  
19 parts. For the purposes of this exemption, "aircraft" means  
20 aircraft used in nonscheduled interstate federal aviation  
21 administration certificated air carrier operation operating  
22 under [14 C.F.R. ch. 1, pt. 135](#).

23      Sec. 54. Section 423.3, subsection 47, paragraph a,  
24 unnumbered paragraph 1, Code 2021, is amended to read as  
25 follows:

26      The sales price from the sale ~~or rental~~ of computers,  
27 computer peripherals, machinery, equipment, replacement parts,  
28 supplies, and materials used to construct or self-construct  
29 computers, computer peripherals, machinery, equipment,  
30 replacement parts, and supplies, if such items are any of the  
31 following:

32      Sec. 55. Section 423.3, subsection 47, paragraph c,  
33 unnumbered paragraph 1, Code 2021, is amended to read as  
34 follows:

35      The sales price from the sale ~~or rental~~ of the following

1 shall not be exempt from the tax imposed by **this subchapter**:

2 Sec. 56. Section 423.3, subsection 60, unnumbered paragraph  
3 1, Code 2021, is amended to read as follows:

4 The sales price from the sale ~~or rental~~ of prescription  
5 drugs, durable medical equipment, mobility enhancing equipment,  
6 prosthetic devices, and other medical devices intended for  
7 human use or consumption. For the purposes of **this subsection**:

8 Sec. 57. Section 423.3, subsection 78, paragraphs a and c,  
9 Code 2021, are amended to read as follows:

10 a. The sales price from the sale of tangible personal  
11 property, specified digital products, or services rendered by  
12 any entity where the profits from the sale of the tangible  
13 personal property, specified digital products, or services  
14 rendered, are used by or donated to a nonprofit entity that  
15 is exempt from federal income taxation pursuant to section  
16 501(c)(3) of the Internal Revenue Code, a government entity,  
17 or a nonprofit private educational institution, and where the  
18 entire ~~proceeds from the sale or services~~ profits are expended  
19 for any of the following purposes:

20 (1) Educational.

21 (2) Religious.

22 (3) Charitable. A charitable act is an act done out of  
23 goodwill, benevolence, and a desire to add to or to improve  
24 the good of humankind in general or any class or portion of  
25 humankind, with no pecuniary profit inuring to the person  
26 performing the service or giving the gift.

27 c. Except as otherwise provided in **subsection 97**, this  
28 exemption does not apply to the sales price from games of  
29 skill, games of chance, raffles, and bingo games as defined  
30 in **chapter 99B**. This exemption is disallowed on the amount  
31 of the sales price only to the extent the profits ~~from the~~  
32 ~~sales, rental, or services~~ are not used by or donated to the  
33 appropriate entity and expended for educational, religious, or  
34 charitable purposes.

35 Sec. 58. Section 423.3, subsection 82, paragraph a, Code

1 2021, is amended to read as follows:

2     a. The sales price from the sale ~~or rental~~ of core-making,  
3 mold-making, and sand-handling machinery and equipment,  
4 including replacement parts, directly and primarily used in the  
5 mold-making process by a foundry.

6     Sec. 59. Section 423.3, subsection 88, Code 2021, is amended  
7 to read as follows:

8       88. The sales price from the sale of building materials,  
9 supplies, ~~goods, wares, or merchandise~~ tangible personal  
10 property sold to a nonprofit Iowa affiliate of a nonprofit  
11 international organization whose primary activity is the  
12 promotion of the construction, remodeling, or rehabilitation  
13 of one-family or two-family dwellings for use by low-income  
14 families and where the building materials, supplies, ~~goods,~~  
15 ~~wares, or merchandise~~ or tangible personal property are used  
16 in the construction, remodeling, or rehabilitation of such  
17 dwellings.

18     Sec. 60. Section 423.3, subsection 89, paragraphs a and b,  
19 Code 2021, are amended to read as follows:

20     a. The sales price of all ~~goods, wares, or merchandise~~  
21 tangible personal property sold, or of services furnished,  
22 which are used in the fulfillment of a written construction  
23 contract for the original construction of a building or  
24 structure to be used as a collaborative educational facility.

25     b. The sales price of all ~~goods, wares, or merchandise~~  
26 tangible personal property sold, or of services furnished,  
27 which are used in the fulfillment of a written construction  
28 contract for the construction of additions or modifications  
29 to a building or structure used as part of a collaborative  
30 educational facility.

31     Sec. 61. Section 423.3, subsection 92, paragraph a,  
32 subparagraph (1), Code 2021, is amended to read as follows:

33       (1) The sales price from the sale ~~or rental~~ of computers  
34 and equipment that are necessary for the maintenance and  
35 operation of a web search portal and property whether directly

1 or indirectly connected to the computers, including but  
2 not limited to cooling systems, cooling towers, and other  
3 temperature control infrastructure; power infrastructure for  
4 transformation, distribution, or management of electricity used  
5 for the maintenance and operation of the web search portal,  
6 including but not limited to exterior dedicated business-owned  
7 substations, backup power generation systems, battery systems,  
8 and related infrastructure; and racking systems, cabling, and  
9 trays, which are necessary for the maintenance and operation of  
10 the web search portal.

11 Sec. 62. Section 423.3, subsection 92, paragraph b,  
12 subparagraph (1), Code 2021, is amended to read as follows:  
13 (1) The business of the purchaser ~~or renter~~ shall be as a  
14 provider of a web search portal.

15 Sec. 63. Section 423.3, subsection 92, paragraph d, Code  
16 2021, is amended to read as follows:

17 d. Failure to meet eighty percent of the minimum investment  
18 amount requirement specified in paragraph "b" within the first  
19 six years of operation from the date the web search portal  
20 business initiates site preparation activities will result in  
21 the web search portal business losing the right to claim this  
22 exemption and the web search portal business shall pay all  
23 sales or use tax that would have been due on the purchase ~~or~~  
24 ~~rental~~ or use of the items listed in this exemption, plus any  
25 applicable penalty and interest imposed by statute.

26 Sec. 64. Section 423.3, subsection 93, paragraph a,  
27 subparagraph (1), Code 2021, is amended to read as follows:

28 (1) The sales price from the sale ~~or rental~~ of computers  
29 and equipment that are necessary for the maintenance and  
30 operation of a web search portal business and property whether  
31 directly or indirectly connected to the computers, including  
32 but not limited to cooling systems, cooling towers, and other  
33 temperature control infrastructure; power infrastructure for  
34 transformation, distribution, or management of electricity used  
35 for the maintenance and operation of the web search portal

1 business, including but not limited to exterior dedicated  
2 business-owned substations, backup power generation systems,  
3 battery systems, and related infrastructure; and racking  
4 systems, cabling, and trays, which are necessary for the  
5 maintenance and operation of the web search portal business.

6 Sec. 65. Section 423.3, subsection 93, paragraph b,  
7 subparagraph (1), Code 2021, is amended to read as follows:

8 (1) The purchaser ~~or renter~~ shall be a web search portal  
9 business.

10 Sec. 66. Section 423.3, subsection 93, paragraph d, Code  
11 2021, is amended to read as follows:

12 d. Failure to meet eighty percent of the minimum investment  
13 amount requirement specified in paragraph "b" within the first  
14 six years of operation from the date the web search portal  
15 business initiates site preparation activities will result in  
16 the web search portal business losing the right to claim this  
17 web search portal business exemption and the web search portal  
18 business shall pay all sales or use tax that would have been  
19 due on the purchase ~~or rental~~ or use of the items listed in this  
20 exemption, plus any applicable penalty and interest imposed by  
21 statute.

22 Sec. 67. Section 423.3, subsection 95, paragraph a,  
23 subparagraph (1), Code 2021, is amended to read as follows:

24 (1) The sales price from the sale ~~or rental~~ of computers  
25 and equipment that are necessary for the maintenance and  
26 operation of a data center business and property whether  
27 directly or indirectly connected to the computers, including  
28 but not limited to cooling systems, cooling towers, and other  
29 temperature control infrastructure; power infrastructure for  
30 transformation, distribution, or management of electricity used  
31 for the maintenance and operation of the data center business,  
32 including but not limited to exterior dedicated business-owned  
33 substations, backup power generation systems, battery systems,  
34 and related infrastructure; and racking systems, cabling, and  
35 trays, which are necessary for the maintenance and operation of

1 the data center business.

2 Sec. 68. Section 423.3, subsection 95, paragraph b,  
3 subparagraph (1), Code 2021, is amended to read as follows:

4 (1) The purchaser or renter shall be a data center business.

5 Sec. 69. Section 423.3, subsection 95, paragraph d, Code  
6 2021, is amended to read as follows:

7 d. Failure to meet eighty percent of the minimum investment  
8 amount requirement specified in paragraph "b" within the first  
9 six years of operation from the date the data center business  
10 initiates site preparation activities will result in the data  
11 center business losing the right to claim this data center  
12 business exemption and the data center business shall pay all  
13 sales or use tax that would have been due on the purchase or  
14 rental or use of the items listed in this exemption, plus any  
15 applicable penalty and interest imposed by statute.

16 Sec. 70. Section 423.4, subsection 1, paragraph b,  
17 subparagraph (3), Code 2021, is amended to read as follows:

18 (3) The building materials, supplies, equipment, or  
19 services furnished are not used in the performance of any  
20 contract in connection with the operation of any municipal  
21 utility engaged in selling gas, electricity, or heat to  
22 the general public or in connection with the operation of  
23 a municipal pay television system; and are not used in the  
24 performance of a contract for a "project" "project" under  
25 chapter 419 as defined in that chapter other than ~~goods, wares,~~  
26 or ~~merchandise~~ building materials, supplies, or equipment used  
27 in the performance of a contract for a "project" "project"  
28 under chapter 419 for which a bond issue was approved by  
29 a municipality prior to July 1, 1968, or for which the  
30 ~~goods, wares, or merchandise~~ building materials, supplies,  
31 or equipment becomes an integral part of the project under  
32 contract and at the completion of the project becomes public  
33 property or is devoted to educational uses.

34 Sec. 71. Section 423.4, subsection 1, paragraph c, Code  
35 2021, is amended to read as follows:

1       c. A contractor shall state under oath, on forms provided  
2 by the department, the amount of such sales of ~~goods, wares,~~  
3 ~~or merchandise~~ building materials, supplies, or equipment,  
4 or services furnished and used in the performance of such  
5 contract, and upon which sales or use tax has been paid,  
6 and shall file such forms with the designated exempt entity  
7 which has made any written contract for performance by the  
8 contractor. The forms shall be filed by the contractor with  
9 the designated exempt entity before final settlement is made.

10      Sec. 72. Section 423.31, subsection 4, Code 2021, is amended  
11 to read as follows:

12      4. Every retailer at the time of making any return required  
13 by **this section** shall compute and pay to the department the tax  
14 due for the preceding period. The tax on sales prices from the  
15 sale ~~or rental~~ of tangible personal property under a consumer  
16 rental purchase agreement as defined in section 537.3604,  
17 subsection 8, is payable in the tax period of receipt.

18      Sec. 73. Section 423B.8, subsection 1, Code 2021, is amended  
19 to read as follows:

20      1. Construction contractors may make application to the  
21 department for a refund of the additional local sales and  
22 services tax paid under **this chapter** by reason of taxes paid on  
23 ~~goods, wares, or merchandise~~ building materials, supplies, or  
24 equipment under the following conditions:

25      a. The ~~goods, wares, or merchandise~~ building materials,  
26 supplies, or equipment are incorporated into an improvement to  
27 real estate in fulfillment of a written contract fully executed  
28 prior to the date of the imposition of a local sales and  
29 services tax under **this chapter**. The refund shall not apply to  
30 equipment transferred in fulfillment of a mixed construction  
31 contract.

32      b. The contractor has paid to the department or to a  
33 retailer the full amount of the state and local tax.

34      c. The claim is filed on forms provided by the department  
35 and is filed within one year of the date the tax is paid.

1

## DIVISION XI

## 2 INTEREST RATE SET BY DIRECTOR OF REVENUE

3 Sec. 74. Section 421.7, subsection 6, Code 2021, is amended  
4 to read as follows:5 6. In ~~October~~ November of each year the director shall cause  
6 an advisory notice to be published in the Iowa administrative  
7 bulletin and in a newspaper of general circulation in this  
8 state, stating the rate of interest to be in effect on or  
9 after January 1 of the following year, as established by this  
10 section. The calculation and publication of the rate of  
11 interest by the director is exempt from chapter 17A.

12

## DIVISION XII

13

## ASSESSORS

14 Sec. 75. Section 441.6, subsection 3, Code 2021, is amended  
15 to read as follows:16 3. The appointee selected by the conference board under  
17 subsection 2 or appointed to a succeeding term under section  
18 441.8, subsection 1, shall not assume the office of city or  
19 county assessor until such appointment is confirmed by the  
20 director of revenue. If the director of revenue rejects  
21 the appointment, the examining board shall conduct a new  
22 examination and submit a new report to the conference board  
23 under subsection 1. The director of revenue shall adopt rules  
24 pursuant to chapter 17A to implement and administer this  
25 subsection.26 Sec. 76. Section 441.17, subsection 2, Code 2021, is amended  
27 to read as follows:28 2. Cause to be assessed, in accordance with section 441.21,  
29 all the property in the assessor's county or city, except  
30 property exempt from taxation, or the assessment of which is  
31 otherwise provided for by law. However, an assessor or deputy  
32 assessor shall not personally assess a property if the person  
33 ~~or a member of the person's immediate family~~ owns the property,  
34 has a financial interest in the property, or has a financial  
35 interest in the entity that owns the property. The director of

1 revenue shall adopt rules pursuant to **chapter 17A** to implement  
2 and administer **this subsection**.

3 Sec. 77. Section 441.41, Code 2021, is amended to read as  
4 follows:

5 **441.41 Legal counsel.**

6 1. In the case of cities having an assessor, the city legal  
7 department shall represent the assessor and board of review  
8 in all litigation dealing with assessments. In the case of  
9 counties, the county attorney shall represent the assessor and  
10 board of review in all litigation dealing with assessments.  
11 Any taxing district interested in the taxes received from such  
12 assessments may be represented by an attorney and shall be  
13 required to appear by attorney upon written request of the  
14 assessor to the presiding officer of any such taxing district.  
15 Subject to review and prior approval by either the city legal  
16 department in the case of a city or the county attorney in  
17 the case of a county, the conference board may employ special  
18 counsel to assist the city legal department or county attorney  
19 as the case may be.

20 2. a. Upon the employment of special counsel described  
21 in subsection 1, the assessor shall provide a report to the  
22 department of revenue relating to the special counsel including  
23 but not limited to the following:

24 (1) The date the employment started.

25 (2) Justification for the employment.

26 (3) The name and hourly rate of the special counsel.

27 (4) Any other information the department may require.

28 b. An assessor shall report annually to the director of  
29 revenue on the cost of litigation for all matters dealing with  
30 assessments in which special counsel assisted the city legal  
31 department or county attorney as described in subsection 1.

32 c. The director of revenue shall adopt rules pursuant to  
33 chapter 17A to administer this section.

34 DIVISION XIII

35 CONFIDENTIAL INFORMATION — DEPARTMENT OF REVENUE

1 Sec. 78. Section 422.20, subsection 5, paragraph a, Code  
2 2021, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (7) A return as defined in section 421.6.

4 Sec. 79. Section 422.20, subsection 5, paragraph c, Code  
5 2021, is amended to read as follows:

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

11 Sec. 80. Section 422.72, subsection 8, paragraph a, Code  
12 2021, is amended by adding the following new subparagraph:

13 NEW SUBPARAGRAPH. (7) A return as defined in section 421.6.

14 Sec. 81. Section 422.72, subsection 8, paragraph c, Code  
15 2021, is amended to read as follows:

16 c. Notwithstanding paragraph "a", when making final orders,  
17 decisions, or opinions available for public inspection, the  
18 department may disclose the items in paragraph "a" if the  
19 department determines such information is relevant or necessary  
20 to the resolution or decision of the appeal or case.

21 DIVISION XIV

22 POWER OF ATTORNEY — DEPARTMENT OF REVENUE

23 Sec. 82. Section 421.59, subsections 2 and 3, Code 2021, are  
24 amended to read as follows:

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

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

35 (1) Upon request, a guardian, conservator, or custodian of

1 a taxpayer shall submit to the department a copy of the court  
2 order appointing the guardian, conservator, or custodian.

3       (2) The department ~~may has standing to~~ petition the  
4 court that appointed the guardian, conservator, or custodian  
5 to verify the appointment or to determine the scope of the  
6 appointment.

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

10      (1) Upon the request of the department, a receiver shall  
11 submit to the department a copy of the court order appointing  
12 the receiver.

13      (2) The department ~~may has standing to~~ petition the court  
14 that appointed the receiver to verify the appointment or to  
15 determine the scope of the appointment.

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

19       d. (1) An individual holding the following title or  
20 position within a corporation, association, partnership, or  
21 other ~~business~~ entity:

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

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

28       (c) A person authorized to act on behalf of a limited  
29 liability company in tax matters pursuant to a valid statement  
30 of authority.

31       (2) An individual seeking to act on behalf of a taxpayer  
32 pursuant to this paragraph shall ~~file an affidavit with the~~  
~~department attesting to the identity and qualifications of the~~  
~~individual and any necessary certifications required under~~  
~~this paragraph~~ affirm the authority of the individual to act

1 on behalf of the corporation, association, partnership, or  
2 other entity in a manner designated by the department. The  
3 department may require ~~any documents or other~~ evidence to  
4 demonstrate the individual has authority to act on behalf of  
5 the ~~taxpayer~~ corporation, association, partnership, or other  
6 entity before the department.

7       e. A licensed attorney who has appeared on behalf of  
8 the taxpayer or the ~~taxpayer's~~ probate estate in a court  
9 proceeding. Authorization under this paragraph is limited to  
10 those matters within the scope of the representation.

11       f. A parent or guardian of a taxpayer who has not reached  
12 the age of majority where the same parent or guardian has  
13 signed the taxpayer's return on behalf of the taxpayer.  
14 Authorization under this paragraph is limited to those matters  
15 relating to the return signed by the parent or guardian.  
16 Authorization under this paragraph automatically terminates  
17 when the taxpayer reaches the age of majority pursuant to  
18 section 599.1.

19       g. A representative of a government entity. An individual  
20 seeking to act on behalf of a government entity pursuant to  
21 this paragraph shall affirm the authority of the individual to  
22 act on behalf of the government entity in a manner designated  
23 by the department. The department may require evidence to  
24 demonstrate the individual has authority to act on behalf of  
25 the government entity.

26       h. An executor or personal representative of an estate.  
27           (1) Upon request, the executor or personal representative  
28 shall submit to the department a copy of the will or court  
29 order appointing the executor or personal representative.

30           (2) The department has standing to petition the court that  
31 appointed the executor or personal representative to verify the  
32 appointment or to determine the scope of the appointment.

33       3. a. In lieu of executing a power of attorney pursuant  
34 to subsection 1, the department may enter into a memorandum  
35 of understanding with the ~~allow a taxpayer for each employee,~~

1 ~~officer, or member of a third-party to designate an entity~~  
2 engaged with or otherwise hired by a taxpayer to manage the  
3 tax matters of the taxpayer, to permit the disclosure of  
4 confidential tax information to the third-party entity and  
5 the authority to act on behalf of the taxpayer. An entity so  
6 designated may appoint or remove its own employees to carry  
7 out acts authorized by the taxpayer on the entity's behalf.  
8 The ~~memorandum of understanding shall adhere to requirements~~  
9 ~~as established by the director department may designate the~~  
10 methods by which such designation and appointments may occur.

11 b. The ~~memorandum of understanding shall be signed by~~  
12 ~~the director, the taxpayer, and the third-party entity or an~~  
13 ~~authorized representative of the third-party entity.~~

14 c. At any time, a taxpayer may unilaterally revoke a  
15 ~~memorandum of understanding entered into designation~~ pursuant  
16 to **this subsection** by filing a notice of revocation with the  
17 department. Upon the filing of such a revocation by the  
18 taxpayer, the department shall cease honoring the ~~memorandum~~  
19 ~~of understanding designation.~~

20 DIVISION XV

21 SALES AND USE TAX REFUNDS

22 Sec. 83. Section 15.331A, subsection 2, paragraph c, Code  
23 2021, is amended to read as follows:

24 c. The eligible business shall inform the department  
25 of revenue in writing ~~within two weeks of~~ after project  
26 completion. For purposes of **this section**, "project completion"  
27 means the first date upon which the average annualized  
28 production of finished product for the preceding ninety-day  
29 period at the manufacturing facility operated by the eligible  
30 business is at least fifty percent of the initial design  
31 capacity of the facility.

32 Sec. 84. EFFECTIVE DATE. This division of this Act, being  
33 deemed of immediate importance, takes effect upon enactment.

34 Sec. 85. APPLICABILITY. This division of this Act applies  
35 to refund claims filed on or after the effective date of this

1 division of this Act.

2 EXPLANATION

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

5 This bill relates to state taxation and related laws of  
6 the state including the collection of tax, tax credits, the  
7 assessment, valuation, and classification of property, fees  
8 for registration of vehicles, sales and use tax, and the  
9 authority of the director of revenue. The bill is organized  
10 into divisions.

11 TAX CREDIT FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY  
12 DEVELOPERS. Currently, an eligible business may claim a  
13 corporate tax credit in an amount equal to the sales and use  
14 taxes paid by a third-party developer under Code chapter 423  
15 for the construction or equipping of a facility of an eligible  
16 business. An "eligible business" is defined under Code section  
17 15.329 and means in part a business making an investment of \$10  
18 million or more in a community.

19 The bill allows an individual to claim the tax credit on an  
20 individual return for certain sales tax paid by a third-party  
21 developer, if a partnership, limited liability company, S  
22 corporation, estate, or trust elects to have income taxed  
23 directly to the individual.

24 Additionally, the bill changes the name of the corporate  
25 tax credit to third-party developer tax credit because the tax  
26 credit is now available against the individual income tax.

27 This division takes effect upon enactment and applies  
28 retroactively January 1, 2020, for tax years beginning on or  
29 after that date.

30 GEOTHERMAL HEAT PUMP INSTALLATION TAX CREDIT. The bill  
31 requires an applicant for a geothermal heat pump tax credit  
32 to file an application for the credit with the department of  
33 revenue for each geothermal heat pump installation. The bill  
34 requires the application to be filed by May 1 following the  
35 year of installation.

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

4     TAXES ON ELECTRICITY PROVIDERS. Under the current  
5 replacement tax, the proportional tax revenue from a major  
6 addition is allocated to the local jurisdiction where a major  
7 addition is located. The bill lowers the threshold for the  
8 classification of "major additions" of solar energy conversion  
9 property under the replacement tax from \$10 million to \$1  
10 million. The modified threshold allows a local jurisdiction  
11 to receive tax revenue generated by a solar energy conversion  
12 facility for major additions that exceed \$1 million but does  
13 not change the amount of tax due on solar energy conversion  
14 facilities.

15     FEE FOR NEW REGISTRATION — VEHICLES. The bill makes  
16 numerous organizational, technical, and substantive changes to  
17 Code section 321.105A.

18     The bill specifies that to be exempt from the fee for  
19 new registration, the person listed on the title of a newly  
20 acquired vehicle must be the same person listed on the title  
21 and registration of the traded vehicle.

22     The bill specifies that in order to be exempt from the fee  
23 for new registration, a trade must be between spouses rather  
24 than involve spouses.

25     The bill exempts trades between lineal family members from  
26 the fee for new vehicle registration. Currently, trades  
27 between a grandparent, parent, child, or stepchild are exempt.

28     The bill specifies a sole proprietorship shall not be  
29 distinguished from an individual owner for purposes of  
30 calculating the new vehicle registration fee when exempting the  
31 trade-in value from the purchase price.

32     The bill specifies that the fair market value of a  
33 replacement motor vehicle owned by a motor vehicle dealer  
34 is exempt from the new vehicle registration fee if certain  
35 conditions are met under Code section 321.105A(2)(a)(3).

1       The bill specifies that a vehicle is not subject to the new  
2 registration fee if the vehicle is transferred from an entity  
3 doing business within the state to another entity in the state  
4 and all of the following apply: the receiving entity was  
5 formed by the transferring entity within the previous 24 months  
6 for the purpose of continuing the business and all ownership  
7 remains the same, except in the case of a sole proprietorship,  
8 the spouse of the sole proprietor may stand in place of the  
9 sole proprietor.

10      The bill provides that a vehicle subject to registration in  
11 this state is exempt from the fee for new vehicle registration  
12 to the extent the equivalent sales or excise tax of another  
13 country has been paid to that country. Currently, a vehicle  
14 subject to registration is exempt from the fee for new vehicle  
15 registration to the extent state sales, use, or occupational  
16 tax has been paid to another state.

17      The bill provides that a vehicle subject to registration in  
18 this state which is owned by a person in another country is  
19 exempt from the fee for new vehicle registration provided the  
20 vehicle was purchased for use in the country from which the  
21 owner moved, and was not purchased for use in Iowa. Currently,  
22 a vehicle subject to registration is exempt from the fee for  
23 new vehicle registration if the vehicle is owned by a person  
24 in another state provided the vehicle was purchased for use in  
25 the state from which the owner moved, and was not purchased for  
26 use in Iowa.

27      The bill specifies that a vehicle purchased by a licensed  
28 wholesaler of new motor vehicles under Code section 322.27A for  
29 resale by the same wholesaler is exempt from the fee for new  
30 registration.

31      The bill provides that a vehicle transferred from one  
32 individual to another individual as a gift is exempt from the  
33 fee for new vehicle registration.

34      The bill provides that a vehicle subject to registration  
35 is subject to the fee for new registration if the vehicle is

1 leased for at least six months. Currently, a vehicle with  
2 a gross weight rating of less than 16,000 pounds which is  
3 leased for at least 12 months is subject to the fee for new  
4 registration.

5 The bill specifies if a lease is voided prior to the  
6 termination date contained in the lease agreement, no refund  
7 is permitted for the fee for new registration previously paid,  
8 except under certain circumstances. Currently, no refund of  
9 such a fee is permitted if the lease is terminated prior to the  
10 termination date except under certain circumstances.

11 The bill creates a new penalty for persons who fail to file  
12 an application for certificate of title or registration on or  
13 before the due date in the amount of 10 percent of the fee for  
14 new registration due.

15 The bill creates a new penalty for persons who file an  
16 application for certificate of title or registration with  
17 inaccurate information that results in the person paying less  
18 than the full amount of the fee for new registration. The  
19 penalty equals 5 percent of the fee for new registration due.

20 PENALTIES — IMPUTED IOWA LIABILITY. Currently, in  
21 determining the amount of penalty to assess under Code section  
22 421.27, the department of revenue assesses a percentage of the  
23 imputed Iowa liability of a business who fails to file a return  
24 or deposit form. The bill adjusts the formula to calculate  
25 "imputed Iowa liability" by allowing the taxpayer to include  
26 any tax credits available to the taxpayer prior to calculating  
27 the penalty amount when using "imputed Iowa liability".

28 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING.  
29 The bill makes numerous technical changes to partnership and  
30 pass-through entity audits and reporting requirements enacted  
31 in 2020 Iowa Acts, chapter 1118.

32 The bill allows the director of revenue to establish rules  
33 for the calculation of amounts due for federal partnership  
34 adjustments that affect state tax owed that do not fit within  
35 the calculations provided by Code section 422.5A(5)(c).

1 The bill also allows the director of revenue to establish  
2 rules that include state-specific issues following a state  
3 partnership audit in the election to pay and calculation of  
4 amounts due.

5 Currently, if the department of revenue, the partnership  
6 or pass-through entity, and the partnership or pass-through  
7 entity owners agree, the provisions of Code section 422.25C  
8 may be applied to tax years beginning before January 1, 2020.

9 The bill allows the department of revenue, the partnership or  
10 pass-through entity, and owners representing a majority of the  
11 ownership interests in the partnership or pass-through entity  
12 to enter into an agreement to allow the provisions of Code  
13 section 422.25C to apply to tax years beginning before January  
14 1, 2020.

15 This division takes effect upon enactment and applies  
16 retroactively to July 1, 2020, and applies to federal  
17 adjustments and federal partnership adjustments that have a  
18 final determination date after July 1, 2020.

19 COUNTY TREASURER — CENTRALIZED COLLECTION UNIT OF THE  
20 DEPARTMENT OF REVENUE. Currently, a county treasurer may  
21 collect delinquent tax revenue owed the state. The bill allows  
22 a county treasurer to also collect nontax liabilities being  
23 collected by the centralized collection unit of the department  
24 of revenue.

25 GARNISHMENT. The bill specifies that a distress warrant  
26 issued by the director of revenue or the director of  
27 inspections and appeals shall be considered a final judgment.  
28 A distress warrant generally directs the sheriff to seize,  
29 garnish, or levy upon, and sell, any real or personal property  
30 belonging to the taxpayer to satisfy the amount of any  
31 delinquency.

32 SNOWMOBILES, ALL-TERRAIN VEHICLES, AND VESSELS — PURCHASES  
33 — PAYMENT OF SALES OR USE TAX. Currently, if the owner of  
34 a vessel (watercraft), snowmobile, or all-terrain vehicle is  
35 unable to present satisfactory evidence that the sales or use

1 tax on the purchase has been paid, the county recorder is  
2 required to collect the sales or use tax, and remit the amount  
3 of taxes along with an itemized statement by the 10th day of  
4 each month showing detailed information about the collection of  
5 the tax. The bill strikes the requirement the county recorder  
6 prepare and send such an itemized statement to the department  
7 of revenue, but does require the county recorder to remit the  
8 tax in a manner prescribed by the department.

9       TANGIBLE PERSONAL PROPERTY. 2020 Iowa Acts, chapter 1118,  
10 struck numerous instances of the phrase "goods, wares, or  
11 merchandise" in order to update the language used in the  
12 Code. The bill changes additional instances of the phrase  
13 "goods, wares, or merchandise" to "tangible personal property"  
14 in Code sections 15.331A (sales and use tax refund), 15.331C  
15 (third-party developer tax credit as changed in the bill),  
16 and 321.105A (fee for new registration) and Code chapters 9C  
17 (transient merchants) and 423 (streamlined sales and use tax).

18       CONSTRUCTION MATERIALS — SALES AND USE TAX. The bill  
19 changes other instances of the phrase "goods, wares, or  
20 merchandise" to "building materials, supplies, or equipment" in  
21 Code sections 423.4(1) (refunds) and 423B.8(1) (construction  
22 contractor refunds).

23       NONPROFIT ORGANIZATIONS — SALES AND USE TAX EXEMPTION.  
24 Currently, a sales and use tax exemption is allowed on the sale  
25 of tangible personal property, specified digital products,  
26 or services rendered where the profits from the sale or  
27 services rendered are used by or donated to a nonprofit, and  
28 the entire proceeds from the sale or services are expended for  
29 educational, religious, or charitable purposes.

30       The bill enhances the readability of the sales and use tax  
31 exemption by specifying that the sales and use tax exemption  
32 applies when the entire profits from the sales or services  
33 rendered are used by or donated to a nonprofit, and the entire  
34 profits are expended for educational, religious, or charitable  
35 purposes.

1       RENTALS — SALES AND USE TAX EXEMPTION. The bill includes  
2 the term "rental" in the definition of "sale" or "sales" in  
3 Code chapter 423 (streamlined sales and use tax), and strikes  
4 the term "rental" when it appears with the phrase "sale or  
5 rental" in Code sections 423.3 (exemptions) and 423.31(4)  
6 (filing of sales tax returns and payment of sales tax). The  
7 change has the effect of making more rental transactions exempt  
8 from the sales or use tax in Code section 423.3.

9       INTEREST RATE SET BY DIRECTOR OF REVENUE. Currently, in  
10 October of each year the director of revenue sets the rate of  
11 interest to be used on interest-bearing obligations arising  
12 under certain Code chapters to be in effect on or after January  
13 1 of the following year. The bill changes the month the rate is  
14 set by the director from October to November.

15      ASSESSORS. The bill strikes a provision prohibiting  
16 an assessor or deputy assessor from personally assessing a  
17 property owned by an immediate family member of the assessor or  
18 deputy assessor. The bill specifies that an assessor appointed  
19 to a succeeding term should not assume the office until the  
20 appointment has been confirmed by the director of revenue.

21      The bill provides that upon employment of a special counsel,  
22 the assessor shall provide a report to the department of  
23 revenue relating to the hiring of the special counsel.

24      CONFIDENTIAL INFORMATION — DEPARTMENT OF REVENUE.

25 Currently, the department of revenue redacts certain  
26 information from the record in an appeal or contested case  
27 pursuant to Code sections 422.20 (individual tax cases) and  
28 422.72 (other tax cases). The bill adds a tax return to the  
29 list of confidential information to be redacted in an appeal or  
30 contested case under Code sections 422.20 and 422.72.

31      The director currently has the authority to disclose  
32 confidential information when making final orders, decisions,  
33 or opinions available for public inspection, if it is necessary  
34 to the resolution or decision of the appeal or case. The bill  
35 expands the authority of the director of revenue to disclose

1 confidential information to include when it is relevant or  
2 necessary to the resolution or decision of the appeal or case.

3       POWER OF ATTORNEY — DEPARTMENT OF REVENUE. In addition  
4 to the current types of individuals who are specified in  
5 Code section 421.59(2) to act on behalf of a taxpayer with  
6 the department of revenue, the bill adds procedures for a  
7 representative of a government entity to act on behalf of the  
8 government, and adds procedures for an executor or personal  
9 representative of an estate to act on behalf of an estate.

10     SALES AND USE TAX REFUNDS. Currently, an eligible business  
11 must notify the department of revenue within two weeks of the  
12 completion of a project in order to receive a sales and use  
13 tax refund related to the high quality jobs program. The  
14 bill changes the notification requirement by the eligible  
15 business to the department of revenue to after completion of  
16 the project. The provision takes effect upon enactment and  
17 applies to refund claims filed on or after the effective date  
18 of this division of the bill.