

**Senate File 571 - Introduced**

SENATE FILE 571  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 402)

**A BILL FOR**

1 An Act prohibiting the state or a political subdivision of the  
2 state from entering into contracts with, or providing tax  
3 incentives or any other benefits to, certain companies that  
4 censor online content, and including effective date and  
5 applicability provisions.

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

1 Section 1. Section 15A.1, subsection 2, Code 2021, is  
2 amended by adding the following new paragraphs:

3 NEW PARAGRAPH. *e.* Whether a court has found by a  
4 preponderance of the evidence that the person to whom the funds  
5 will be dispersed has violated a provision of chapter 554E.

6 NEW PARAGRAPH. *f.* Whether the person to whom the funds will  
7 be dispersed is involved in litigation in which it has been  
8 alleged that the person has violated a provision of chapter  
9 554E.

10 Sec. 2. Section 24.17, subsection 2, Code 2021, is amended  
11 to read as follows:

12 2. *a.* One copy of the budget shall be retained on file  
13 in the office by the county auditor and the other shall be  
14 certified by the county auditor to the state board. The  
15 department of management shall certify the taxes back to the  
16 county auditor by June 15.

17 *b.* For budgets for fiscal years beginning on or after  
18 July 1, 2021, if a political subdivision that is a city,  
19 county, school district, or township has been found to have  
20 intentionally violated a provision of chapter 554E during the  
21 twelve-month period prior to the date taxes are certified back  
22 to the county auditor under paragraph "a", the amount of the  
23 political subdivision's budget certified under this chapter and  
24 the amount of taxes certified back to the county auditor by  
25 the department of management shall be reduced by ten percent.  
26 If the political subdivision fails to remedy the violation  
27 of chapter 554E prior to the date of certification of taxes  
28 back to the county auditor by the department of management for  
29 the subsequent fiscal year, the percentage reduction of the  
30 political subdivision's budget certified under this chapter and  
31 the amount of taxes certified back by the department of revenue  
32 shall be reduced by a percentage equal to the total reduction  
33 for the preceding fiscal year plus five percent.

34 Sec. 3. NEW SECTION. **554E.1 Definitions.**

35 As used in this chapter, unless the context otherwise

1 requires:

2 1. "*Company*" means and includes a person or an affiliate of  
3 a person who owns or operates any of the following:

- 4 a. A massive online marketplace.  
5 b. A massive online video sharing website.  
6 c. A massive social networking website.  
7 d. A monopolistic entity.  
8 e. A pre-installed application store.

9 2. "*Content generated by bots*" means and includes content  
10 that is created or posted on an internet site by a software  
11 application or program.

12 3. "*Excessively violent content*" means any image, video,  
13 or other content that, taking the material as a whole and  
14 applying contemporary community standards with respect to what  
15 is suitable for public distribution, meets all of the following  
16 criteria:

- 17 a. Depicts or involves killing, maiming, dismembering, or  
18 sexually assaulting an individual.  
19 b. Lacks serious literary, scientific, political, or  
20 artistic value.

21 4. "*Expressive merchandise*" means and includes any tangible  
22 personal property that contains or displays a viewpoint that  
23 constitutes constitutionally protected speech.

24 5. "*Governmental entity*" means and includes all of the  
25 following:

- 26 a. A unit of state government in the executive, legislative,  
27 or judicial branch.  
28 b. A political subdivision of the state, including a city,  
29 county, township, school district, and any other governmental  
30 entity authorized to levy taxes.

31 6. "*Intellectual property*" means a commercially valuable  
32 product of the human intellect in a concrete or abstract form  
33 that is protected by a copyright, trademark, or patent.

34 7. "*Internet site*" means the same as defined in section 4.1.

35 8. "*Massive online marketplace*" means and includes an

1 internet site that meets all of the following criteria:

2     *a.* Offers tangible personal property for sale to the general  
3 public.

4     *b.* Sells or facilitates the sale of protected publications  
5 or expressive merchandise.

6     *c.* Has at least seventy-five million subscribers or members  
7 in the United States in the calendar year before the date a  
8 court has found by a preponderance of the evidence that the  
9 massive online marketplace violated this chapter, or has sold  
10 goods to at least seventy-five million individuals in the  
11 United States in the calendar year before the date a court  
12 has found by a preponderance of the evidence that the massive  
13 online marketplace has violated a provision of this chapter.

14     9. "*Massive online video sharing website*" means and includes  
15 an internet site that meets all of the following criteria:

16     *a.* Allows users or the public to share videos with other  
17 users or the public.

18     *b.* Hosts, stores, provides, or otherwise facilitates access  
19 by individuals in the United States.

20     *c.* Has at least five hundred million videos available at any  
21 point in time.

22     10. "*Massive social networking website*" means and includes  
23 an internet site that meets all of the following criteria:

24     *a.* Allows users, through the creation of pages within  
25 the internet site or profiles or by other means, to provide  
26 information about themselves that is available to the public  
27 or to other users.

28     *b.* Allows users a mechanism for communication with other  
29 users.

30     *c.* Has at least twenty million subscribers or members in  
31 the United States in the calendar year before the date a court  
32 has found by a preponderance of the evidence that the massive  
33 social networking website has violated a provision of chapter  
34 554E, or has been used by at least twenty million individuals  
35 in the United States in the calendar year before the date a

1 court has found by a preponderance of the evidence that the  
2 massive social networking website has violated a provision of  
3 this chapter.

4 11. "*Monopolistic entity*" means a person who owns or  
5 operates a social networking website, a person who owns or  
6 operates an internet search engine, or a person who owns or  
7 operates any similar internet site that displays content to its  
8 users, and to which any of the following apply:

9 a. The person, within the ten-year period preceding the date  
10 a court has found by a preponderance of the evidence that the  
11 person has violated a provision of this chapter, has been found  
12 to have violated any state or federal antitrust or price-fixing  
13 law.

14 b. The person is involved in litigation in which the  
15 office of the attorney general has alleged that the person has  
16 violated any state or federal antitrust or price-fixing law.

17 12. "*Obscene material*" means any material depicting or  
18 describing the genitals, sex acts, masturbation, excretory  
19 functions, or sadomasochistic abuse which the average person,  
20 taking the material as a whole and applying contemporary  
21 community standards with respect to what is suitable material  
22 for minors, would find appeals to the prurient interest and is  
23 patently offensive; and the material, taken as a whole, lacks  
24 serious literary, scientific, political, or artistic value.

25 13. "*Person*" means the same as defined in section 4.1.

26 14. "*Pornography*" means and includes any material depicting  
27 or describing erotic behavior that is intended to cause sexual  
28 excitement which the average person, taking the material as a  
29 whole and applying contemporary community standards, would find  
30 appeals to the prurient interest and is patently offensive;  
31 and the material, taken as a whole, lacks serious literary,  
32 scientific, political, or artistic value.

33 15. "*Pre-installed application store*" means and includes  
34 any program, application, service, or mechanism that is  
35 pre-installed on a mobile telephone or other portable

1 electronic communication device capable of being used to write,  
2 send, or view an electronic message that meets all of the  
3 following criteria:

4     *a.* Facilitated at least one hundred million annual downloads  
5 of programs or applications by individuals in the United  
6 States in the calendar year before the date a court has found  
7 by a preponderance of the evidence that the pre-installed  
8 application store has violated a provision of this chapter.

9     *b.* Facilitated the download of programs or applications  
10 that constitute a massive online marketplace, massive online  
11 video sharing website, or massive social networking website  
12 in the calendar year before the date a court has found by  
13 a preponderance of the evidence that the pre-installed  
14 application store has violated a provision of this chapter.

15     16. "*Protected publication*" means and includes any  
16 newspaper, non-fiction book, periodical, religious text, or any  
17 other publication that contains or displays a viewpoint that  
18 constitutes constitutionally protected speech.

19     17. "*Social networking website*" means and includes an  
20 internet site that meets all of the following criteria:

21     *a.* Allows users, through the creation of pages within  
22 the internet site or profiles or by other means, to provide  
23 information about themselves that is available to the public  
24 or to other users.

25     *b.* Allows users a mechanism for communication with other  
26 users.

27     Sec. 4. NEW SECTION. 554E.2 Prohibition on censorship —  
28 ability to opt out of certain algorithms.

29     1. *a.* A company shall not intentionally affect the ability  
30 of a citizen of this state to view, comment, or otherwise  
31 interact with a United States citizen's content on the  
32 company's internet site by limiting, blocking, or otherwise  
33 restricting any content on the company's internet site if the  
34 content constitutes constitutionally protected speech.

35     *b.* A company shall not intentionally restrict the ability of

1 a citizen of this state to download a social networking website  
2 on a pre-installed application store.

3 c. A company shall not intentionally restrict the ability of  
4 a citizen of this state to purchase any protected publication  
5 or expressive merchandise on a massive online marketplace  
6 if similar protected publications or expressive merchandise  
7 were allowed for sale on the massive online marketplace at  
8 the time the company restricted the ability of a citizen of  
9 this state to purchase the protected publication or expressive  
10 merchandise.

11 2. Notwithstanding subsection 1, a company may do any of the  
12 following:

13 a. Restrict the ability of a citizen of this state to  
14 view, comment, or otherwise interact with a United States  
15 citizen's content on the company's internet site if the  
16 content is criminal in nature, if the content does not  
17 constitute constitutionally protected speech, or if the content  
18 constitutes any of the following:

- 19 (1) Obscene material.
- 20 (2) Excessively violent content.
- 21 (3) Pornography.
- 22 (4) Content generated by bots.
- 23 (5) Intellectual property.

24 b. Restrict the ability of a citizen of this state to  
25 download a social networking website program or application  
26 from a pre-installed application store if the social networking  
27 website is being used for criminal activity and the social  
28 networking website does not have a policy in place to require  
29 its employees to notify law enforcement upon receiving a  
30 complaint or otherwise becoming aware of the criminal activity  
31 being discussed or conducted on its social networking website,  
32 or does not have a policy in place to require its employees  
33 to refer the complaint or existence of criminal activity to  
34 designated employees that carry out the policy.

35 c. Restrict the ability of a citizen of this state to

1 download a social networking website program or application  
2 from a pre-installed application store if, within sixty days  
3 of the restriction, the United States department of homeland  
4 security determines the social networking website program or  
5 application constitutes a national security threat.

6 3. a. A company shall provide its subscribers, members, and  
7 users who are citizens of this state with the ability to opt  
8 out of post promoting algorithms and shadow banning algorithms  
9 on the company's massive online marketplace, massive online  
10 video sharing website, or massive social networking website.

11 b. For purposes of this subsection:

12 (1) "*Post promoting algorithm*" means and includes the  
13 mechanism, process, or set of rules that is used to sort the  
14 content that is visible to a subscriber, member, or user based  
15 on data or information possessed, used, or controlled by a  
16 company which relates to the subscriber, member, or user.

17 (2) "*Shadow banning algorithm*" means and includes the  
18 mechanism, process, or set of rules that is used to restrict  
19 the visibility of a subscriber's, member's, or user's content  
20 to other subscribers, members, or users in a way that is not  
21 readily apparent to the subscriber, member, or user who created  
22 the content.

23 Sec. 5. NEW SECTION. 554E.3 Enforcement — companies.

24 1. a. A court's finding by a preponderance of the evidence  
25 that a company has violated a provision of this chapter shall  
26 be conclusive proof of the company's breach of any agreement  
27 regarding tax credits; assistance under section 15.335B; sales  
28 tax exemptions or refunds under chapter 423; or property tax  
29 credits, exemptions, including but not limited to exemptions  
30 under chapter 427, rebates, refunds, reimbursements, or  
31 grants for property taxes paid between the company and a  
32 governmental entity in effect as of the effective date of this  
33 Act, and the governmental entity shall cancel the agreement  
34 effective as of the date the company receives the notice the  
35 governmental entity provides pursuant to section 554E.4,

1 subsection 1, paragraph "b", or if the governmental entity  
2 fails to send the notice, the governmental entity shall cancel  
3 the agreement effective thirty days after the effective date  
4 of this Act. Nothing in this subsection shall be interpreted  
5 to provide a company that did not receive notice a defense to  
6 a suit alleging a violation of this chapter or a defense to  
7 a suit alleging the company breached an agreement with the  
8 governmental entity.

9     *b.* A court's finding by a preponderance of the evidence  
10 that a company has violated a provision of this chapter shall  
11 be conclusive proof of the company's breach of any agreement  
12 regarding tax credits; assistance under section 15.335B; sales  
13 tax exemptions or refunds under chapter 423; or property tax  
14 credits, exemptions, including but not limited to exemptions  
15 under chapter 427, rebates, refunds, reimbursements, or grants  
16 for property taxes paid between the company and a governmental  
17 entity entered into after the effective date of this Act, and  
18 the governmental entity shall cancel the agreement effective as  
19 of the date of the court's finding.

20     2. Notwithstanding any other provision of law to the  
21 contrary, upon a court's finding by a preponderance of the  
22 evidence that a company has violated a provision of this  
23 chapter, the company shall be prohibited from entering into  
24 any future agreement with a governmental entity regarding  
25 tax credits; assistance under section 15.335B; sales tax  
26 exemptions or refunds under chapter 423; or property tax  
27 credits, exemptions, including but not limited to exemptions  
28 under chapter 427, rebates, refunds, reimbursements, or grants  
29 for property taxes paid and shall be prohibited from receiving  
30 any future payments; tax credits; assistance under section  
31 15.335B; sales tax exemptions or refunds under chapter 423; or  
32 property tax credits, exemptions, including but not limited to  
33 exemptions under chapter 427, rebates, refunds, reimbursements,  
34 or grants for property taxes paid. The prohibition provided in  
35 this subsection shall begin on the date of the court's finding.

1 Except as provided in section 554E.7, the prohibition shall  
2 be for a period of twenty years. The twenty-year prohibition  
3 shall be reinstated for each subsequent finding by a court  
4 pursuant to this subsection.

5 3. Notwithstanding any other provision of law to the  
6 contrary, upon a court's finding by a preponderance of the  
7 evidence that a company has violated a provision of this  
8 chapter all of the following shall apply:

9 a. Tax credits; assistance from programs and funds under  
10 section 15.335B; sales tax exemptions or refunds under chapter  
11 423; or property tax credits, exemptions, including but not  
12 limited to exemptions under chapter 427, rebates, refunds,  
13 reimbursements, or grants for property taxes paid that were  
14 previously claimed by the company shall be recaptured or  
15 terminated by the governmental entity. The recapture or  
16 termination of any tax credits; assistance under section  
17 15.335B; sales tax exemptions or refunds under chapter 423; or  
18 property tax credits, exemptions, including but not limited to  
19 exemptions under chapter 427, rebates, refunds, reimbursements,  
20 or grants for property taxes paid that were previously claimed  
21 by the company pursuant to this subsection shall supersede  
22 any agreement previously entered into with the governmental  
23 entity. Recapture or termination pursuant to this subsection  
24 shall be accomplished in the same manner as provided in section  
25 15.330, subsection 2, by the method for resolving a breach  
26 described in the agreement, through court action, or any other  
27 means determined by the attorney general to result in the most  
28 expeditious recapture or termination of tax credits; assistance  
29 under section 15.335B; sales tax exemptions or refunds under  
30 chapter 423; or property tax credits, exemptions, including but  
31 not limited to exemptions under chapter 427, rebates, refunds,  
32 reimbursements, or grants for property taxes paid that were  
33 previously claimed by the company.

34 b. Payments or other quantifiable benefits received but not  
35 earned by the company shall be returned to the governmental

1 entity.

2 4. Upon a court's finding by a preponderance of the evidence  
3 that a company has violated a provision of this chapter, the  
4 prohibition provided in subsection 1 and the return of received  
5 but not earned amounts provided in subsection 3 shall not be  
6 stayed during appeal proceedings.

7 Sec. 6. NEW SECTION. 554E.4 **Inventory of agreements with**  
8 **companies — obligations.**

9 1. Within thirty days following the effective date of this  
10 Act, a governmental entity shall do all of the following:

11 a. Conduct a review of currently effective agreements;  
12 tax credits; assistance under section 15.335B; sales tax  
13 exemptions or refunds under chapter 423; or property tax  
14 credits, exemptions, including but not limited to exemptions  
15 under chapter 427, rebates, refunds, reimbursements, or grants  
16 for property taxes paid that were provided by the governmental  
17 entity beginning January 1, 2001, through the effective date  
18 of this Act, to determine if any agreements, tax credits;  
19 assistance under section 15.335B; sales tax exemptions or  
20 refunds under chapter 423; or property tax credits, exemptions,  
21 including but not limited to exemptions under chapter 427,  
22 rebates, refunds, reimbursements, or grants for property taxes  
23 paid were entered into with, or provided to, a company.

24 b. Provide notice to a company on the form provided by the  
25 office of the attorney general pursuant to subsection 3, of  
26 the governmental entity's rights pursuant to section 554E.3 by  
27 certified mail return receipt requested if the governmental  
28 entity determines pursuant to subsection 1 that a currently  
29 effective agreement; tax credit; assistance under section  
30 15.335B; sales tax exemption or refund under chapter 423; or  
31 property tax credit, exemption, including but not limited to  
32 an exemption under chapter 427, rebate, refund, reimbursement,  
33 or grant for property taxes paid was entered into with, or  
34 provided to, the company beginning January 1, 2001, through the  
35 effective date of this Act.

1 c. Provide the office of the attorney general with copies of  
2 the notice and receipt of delivery provided in subsection 2.

3 2. A governmental entity shall include all of the following  
4 in agreements to which it is a party entered into on or after  
5 the effective date of this Act:

6 a. A statement summarizing the governmental entity's  
7 enforcement rights under section 554E.3 with respect to  
8 agreements related to tax credits; assistance under section  
9 15.335B; sales tax exemptions or refunds under chapter 423; and  
10 property tax credits, exemptions, including but not limited to  
11 exemptions under chapter 427, rebates, refunds, reimbursements,  
12 or grants for property taxes paid.

13 b. A provision stating that any agreement between the  
14 governmental entity and a company subject to section 554E.3  
15 that does not relate to tax credits; assistance under section  
16 15.335B; sales tax exemptions or refunds under chapter 423; or  
17 property tax credits, exemptions, including but not limited to  
18 exemptions under chapter 427, rebates, refunds, reimbursements,  
19 or grants for property taxes paid may be canceled at the  
20 governmental entity's discretion within ninety days after a  
21 court's finding by a preponderance of the evidence that the  
22 company has violated a provision of this chapter.

23 3. The office of the attorney general shall develop and  
24 provide to governmental entities a form to be used for the  
25 notice provided in subsection 2 within seven days of the  
26 effective date of this Act.

27 Sec. 7. NEW SECTION. 554E.5 Enforcement — governmental  
28 entities.

29 Notwithstanding any other provision of law to the contrary,  
30 upon a court's finding by a preponderance of the evidence  
31 that a governmental entity intentionally violated a provision  
32 of this chapter, including but not limited to by making  
33 payments or providing tax credits; assistance under section  
34 15.335B; sales tax exemptions or refunds under chapter 423; or  
35 property tax credits, exemptions, including but not limited to

1 exemptions under chapter 427, rebates, refunds, reimbursements,  
2 or grants for property taxes paid in violation of section  
3 554E.3, all of the following shall apply:

4 1. The governmental entity's certified budget and amount of  
5 taxes certified shall be reduced as provided in section 24.17,  
6 subsection 2, paragraph "b".

7 2. If the governmental entity receives an appropriation,  
8 the governmental entity's portion of each appropriation in the  
9 fiscal year of the court's finding of an intentional violation  
10 shall be reduced by ten percent. If the governmental entity  
11 fails to remedy the violation of this chapter prior to the  
12 beginning of the subsequent fiscal year, the governmental  
13 entity's portion of each appropriation made by the general  
14 assembly for the subsequent fiscal year shall be reduced by a  
15 percentage equal to the percentage reduction for the preceding  
16 fiscal year plus five percent. All appropriation amounts  
17 reduced pursuant to this section shall be transferred to the  
18 fund from which they were appropriated.

19 **Sec. 8. NEW SECTION. 554E.6 Obligations of the office of**  
20 **the attorney general.**

21 1. The office of the attorney general shall enforce  
22 the provisions of this chapter, including in all appeal  
23 proceedings.

24 a. The office of the attorney general shall appeal a  
25 district court's decision if a company prevails in the district  
26 court in an action under this chapter.

27 b. The office of the attorney general shall file an  
28 application for further review with the supreme court if, after  
29 the appeal provided in paragraph "a", the supreme court issues  
30 an order of transfer and transfers the case to the court of  
31 appeals and the company prevails in the action before the court  
32 of appeals.

33 c. When an appeal is taken by the office of the attorney  
34 general, the office shall not be required to give an appeal  
35 bond or security for costs.

1     2. *a.* Within sixty days following the effective date  
2 of this Act, the office of the attorney general shall make  
3 available on its internet site a system to allow a citizen of  
4 this state to report potential violations of this chapter by a  
5 company or by a governmental entity to the office.

6     *b.* The system required pursuant to paragraph "a" shall  
7 include all of the following:

8       (1) A mechanism for the electronic submission of  
9 photographs or other evidence of a company's potential  
10 violation of this chapter.

11      (2) An annual accounting, on a calendar year basis, of the  
12 number of complaints received by the office of the attorney  
13 general related to the number of potential violations of this  
14 chapter by companies and governmental entities. In addition  
15 to the current year's accounting, the system shall display  
16 annual accountings required by this subparagraph for the years  
17 preceding the current calendar year.

18      (3) An annual accounting, on a calendar year basis, of the  
19 number of investigations required pursuant to subsections 3  
20 and 4 in which the office of the attorney general determines  
21 there is a reasonable suspicion that a company or governmental  
22 entity violated this chapter. In addition to the current  
23 year's accounting, the system shall display annual accountings  
24 required by this subparagraph for the years preceding the  
25 current calendar year.

26      (4) A list of the companies that a court has found by a  
27 preponderance of the evidence have violated this chapter.

28      (5) A list of the governmental entities that a court has  
29 found by a preponderance of the evidence have violated this  
30 chapter.

31      (6) A mechanism to ensure that the person submitting the  
32 report is a citizen of this state.

33     3. Notwithstanding subsection 5, the office of the attorney  
34 general shall complete the investigation of a report received  
35 pursuant to subsection 2 within thirty days of the receipt

1 of the report if the report included a photograph or other  
2 evidence that, in the opinion of the office, indicates a  
3 company's potential violation of this chapter.

4 4. The office of the attorney general shall contact a person  
5 who submits a report pursuant to subsection 2 related to a  
6 company's potential violation of this chapter that did not  
7 contain a photograph or other evidence within seven days of  
8 the receipt of the report and inform the person of one of the  
9 following:

10 a. The office will investigate the report, in which case the  
11 office shall complete the investigation within thirty days of  
12 the receipt of the report.

13 b. The person has thirty days to provide the office with  
14 a photograph or other evidence that indicates a potential  
15 violation of this chapter, in which case the office shall  
16 complete the investigation within thirty days of the receipt of  
17 the photograph or other evidence.

18 5. a. Upon completion of an investigation in which  
19 the office of the attorney general determines there is a  
20 reasonable suspicion that a company or governmental entity has  
21 violated this chapter, the office shall file suit in a court  
22 of competent jurisdiction to enforce the provisions of this  
23 chapter.

24 b. The office of the attorney general shall file suit for a  
25 violation of this chapter every four years from the date of the  
26 most recent court's finding if the office determines there is  
27 reasonable suspicion that a company has violated this chapter  
28 at any point during the four-year period after the court's most  
29 recent finding.

30 c. The office of the attorney general shall file suit to  
31 enforce this chapter against a governmental entity every year  
32 from the date of the most recent court's finding that the  
33 governmental entity has violated this chapter if the office  
34 determines there is reasonable suspicion that a violation of  
35 this chapter has occurred at any point during the one-year

1 period after the court's most recent finding.

2 6. All records provided to the office of the attorney  
3 general pursuant to this section shall be kept confidential and  
4 are not subject to chapter 22.

5 Sec. 9. NEW SECTION. 554E.7 **Petition for stay.**

6 1. No sooner than four years after a court's finding that  
7 a company violated a provision of this chapter pursuant to  
8 section 554E.3, the company may petition the court for a stay  
9 of the provisions of section 554E.3, subsection 1.

10 2. At the time the company petitions the court for a stay  
11 pursuant to subsection 1, the company shall file with the court  
12 a bond payable to the state in an amount deemed necessary by  
13 the office of the attorney general.

14 3. Within thirty days after a company files a petition for  
15 a stay pursuant to subsection 1, the office of the attorney  
16 general shall file with the court a statement indicating any  
17 reports received under section 554E.6, subsection 2, related  
18 to the company from the date of the court's finding that  
19 the company violated a provision of this chapter pursuant to  
20 section 554E.3 through the date the company filed the petition  
21 for a stay.

22 4. The court shall grant the petition for stay filed  
23 pursuant to subsection 1 if it finds that the company did not  
24 violate the provisions of this chapter from the date of the  
25 court's finding that the company violated a provision of this  
26 chapter pursuant to section 554E.3 through the date the company  
27 filed the petition for a stay.

28 a. Beginning one year after the court grants the petition  
29 for stay pursuant to this subsection, the company shall  
30 annually file with the court an additional bond in the amount  
31 of any payments; tax credits; assistance under section  
32 15.335B; sales tax exemptions or refunds under chapter 423; or  
33 property tax credits, exemptions, including but not limited to  
34 exemptions under chapter 427, rebates, refunds, reimbursements,  
35 or grants for property taxes paid the company received from the

1 state during the previous year.

2     *b.* A governmental entity shall not provide the company  
3 with any tax credits; assistance under section 15.335B; sales  
4 tax exemptions or refunds under chapter 423; or property tax  
5 credits, exemptions, including but not limited to exemptions  
6 under chapter 427, rebates, refunds, reimbursements, or grants  
7 for property taxes paid, until the company has satisfied the  
8 requirements in paragraph "a" for the previous year.

9     5. The company shall be permanently prohibited from  
10 entering into any agreement regarding tax credits; assistance  
11 under section 15.335B; sales tax exemptions or refunds under  
12 chapter 423; or property tax credits, exemptions, including  
13 but not limited to exemptions under chapter 427, rebates,  
14 refunds, reimbursements, or grants for property taxes paid with  
15 a governmental entity and shall be permanently prohibited from  
16 receiving any payments; tax credits; assistance under section  
17 15.335B; sales tax exemptions or refunds under chapter 423; or  
18 property tax credits, exemptions, including but not limited to  
19 exemptions under chapter 427, rebates, refunds, reimbursements,  
20 or grants for property taxes paid from a governmental entity  
21 if the company violates a provision of this chapter after a  
22 court has granted the company's petition for stay pursuant to  
23 this section and before the end of the twenty-year prohibition  
24 provided in section 554E.3, subsection 1.

25     6. The amount of any bond forfeited under this section shall  
26 be deposited in the general fund of the state.

27     7. A company shall not file more than one petition for  
28 a stay of the provisions of section 554E.3, subsection 1,  
29 during the twenty-year prohibition provided in section 554E.3,  
30 subsection 1.

31     8. Nothing in this section shall be construed to limit the  
32 authority of the office of the attorney general under section  
33 554E.6 to investigate potential violations of this chapter or  
34 file suit to enforce the provisions of this chapter.

35     Sec. 10. NEW SECTION. 554E.8 Right to intervene —

1 **enforcement by citizens of this state.**

2 1. A governmental entity impacted by an action under this  
3 chapter may intervene in any action under this chapter.

4 2. A citizen of this state who has reported a company's  
5 potential violation of this chapter pursuant to section 554E.6  
6 may intervene in any action related to the company under this  
7 chapter.

8 3. Notwithstanding section 554E.6, subsection 1, a citizen  
9 of this state who has reported a company's potential violation  
10 of this chapter pursuant to section 554E.6 may file suit in a  
11 court of competent jurisdiction to enforce the provisions of  
12 this chapter if the company is not currently subject to the  
13 prohibition provided in section 554E.3, subsection 2, and if  
14 the company's potential violation of this chapter occurred at  
15 least thirty days following the effective date of this Act.

16 **Sec. 11. NEW SECTION. 554E.9 Rules.**

17 The office of the attorney general shall adopt rules  
18 pursuant to chapter 17A to administer and interpret this  
19 chapter.

20 **Sec. 12. TRANSITIONAL COMPLAINT REPORTING SYSTEM.** Within  
21 thirty days following the effective date of this Act, and until  
22 fifty-nine days following the effective date of this Act, the  
23 office of the attorney general shall make available on its  
24 internet site a transitional system to allow a citizen of  
25 this state to report potential violations of chapter 554E by  
26 a company or a governmental entity to the office. The system  
27 shall include, at a minimum, a mechanism for the electronic  
28 submission of reports of potential violations of chapter 554E  
29 and the electronic evidence associated with the potential  
30 violations.

31 **Sec. 13. IMPLEMENTATION OF ACT.** Section 25B.2, subsection  
32 3, shall not apply to this Act.

33 **Sec. 14. EFFECTIVE DATE.** This Act, being deemed of  
34 immediate importance, takes effect upon enactment.

35 **Sec. 15. APPLICABILITY.** This Act applies to agreements

1 between a company and a governmental entity in effect or  
2 entered into on or after the effective date of this Act.

3 EXPLANATION

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

6 This bill prohibits the state or political subdivisions of  
7 the state from entering into contracts with, or providing tax  
8 incentives or other benefits to, certain companies that censor  
9 online content.

10 The bill requires that, before public funds are used for  
11 economic development, the public body dispensing the public  
12 funds shall consider whether a court has found that the person  
13 to whom the funds will be dispersed has violated a provision  
14 of new Code chapter 554E, and whether the person is involved  
15 in litigation in which it has been alleged that the person  
16 violated Code chapter 554E.

17 The bill modifies Code section 24.17 to provide that, for  
18 fiscal years beginning on or after July 1, 2021, if a political  
19 subdivision has been found to have violated new Code chapter  
20 554E during the 12-month period prior to the date taxes are  
21 certified, the amount of the political subdivision's budget  
22 certified under Code chapter 24 and the amount of taxes  
23 certified back to the county auditor by the department of  
24 management shall be reduced as described in the bill.

25 The bill establishes new Code chapter 554E. The bill  
26 adds several defined terms to the Code chapter, including  
27 definitions for "company", "content generated by bots",  
28 "excessively violent content", "expressive merchandise",  
29 "governmental entity", "intellectual property", "internet  
30 site", "massive online marketplace", "massive online video  
31 sharing website", "massive social networking website",  
32 "monopolistic entity", "obscene material", "pornography",  
33 "pre-installed application store", and "social networking  
34 website".

35 The bill prohibits a company from intentionally affecting

1 the ability of a citizen of this state to view, comment, or  
2 otherwise interact with certain content on the company's  
3 internet site by restricting such content.

4 The bill prohibits a company from intentionally affecting  
5 the ability of a citizen of this state to interact with  
6 certain content on the company's internet site, restricting  
7 the ability of a citizen of this state to download a social  
8 networking website on a pre-installed application store, or  
9 restricting the ability of a citizen of this state to purchase  
10 any protected publication or expressive merchandise on a  
11 massive online marketplace as prescribed in the bill. The bill  
12 provides, however, that a company may restrict the ability  
13 of a citizen of this state to interact with a United States  
14 citizen's content on the company's internet site in certain  
15 enumerated cases.

16 The bill requires a company to provide its subscribers,  
17 members, and users who are citizens of this state with  
18 the ability to opt out of post promoting algorithms and  
19 shadow banning algorithms on the company's massive online  
20 marketplace, massive online video sharing website, or massive  
21 social networking website. The bill defines "post promoting  
22 algorithm" and "shadow banning algorithm".

23 The bill provides that a court's finding that a company has  
24 violated the prohibition on censorship shall be conclusive  
25 proof of the company's breach of any agreement between the  
26 company and a governmental entity, and the governmental entity  
27 shall cancel the agreement effective as of the date described  
28 in the bill.

29 The bill provides that, upon a court's finding that a  
30 company has violated this prohibition on censorship, the  
31 company shall be prohibited from entering into any future  
32 agreement with a governmental entity and shall be prohibited  
33 from receiving any future payment from a governmental entity.  
34 The bill establishes that this begins on the date of the  
35 court's finding and shall extend for a period of 20 years,

1 unless a stay is granted pursuant to the terms of Code section  
2 554E.7. Additionally, the bill establishes that this 20-year  
3 prohibition shall be reinstated for each subsequent finding by  
4 a court that a company violated the prohibition on censorship.

5 The bill provides that, upon a court's finding that a company  
6 has violated the prohibition on censorship, tax credits;  
7 assistance under Code section 15.335B; sales tax exemptions or  
8 refunds; or property tax rebates, refunds, reimbursements, or  
9 grants for property taxes paid that were previously claimed by  
10 the company shall be recaptured as provided in the bill.

11 The bill provides that the prohibition on entering into any  
12 agreement with a governmental entity and the requirement that  
13 unearned amounts be returned to governmental entities shall not  
14 be stayed during appeal proceedings.

15 The bill requires a governmental entity to take certain  
16 enumerated steps with respect to companies it may have  
17 agreements with within 30 days of the effective date of the  
18 bill. The bill also requires a governmental entity to include  
19 in its contracts certain statements and provisions related to  
20 the governmental entity's enforcement rights under Code section  
21 554E.3. The bill requires the office of the attorney general  
22 to develop a form describing these enforcement rights within  
23 seven days of the effective date of the bill.

24 The bill provides that if a governmental entity  
25 intentionally violates Code chapter 554E, certain financial  
26 penalties will apply.

27 The bill requires the attorney general to enforce the  
28 provisions of Code chapter 554E. The bill requires the  
29 attorney general to appeal a district court's decision if a  
30 company prevails in the district court in an action under Code  
31 chapter 554E. Additionally, the bill requires the attorney  
32 general to file an application for further review with the  
33 supreme court if, after the first appeal, the supreme court  
34 transfers the case to the court of appeals and the company  
35 prevails in the action before the court of appeals.

1 The bill provides that, within 60 days of the effective  
2 date of the bill, the attorney general shall make available on  
3 its internet site a system to allow a citizen of this state to  
4 report potential violations of Code chapter 554E by a company  
5 or by a governmental entity. The bill requires this system  
6 to include several features. The bill establishes certain  
7 investigative responsibilities of the attorney general with  
8 respect to reports submitted through this system. The bill  
9 requires the attorney general to file suit in a court of  
10 competent jurisdiction to enforce the provisions of the Code  
11 chapter. The bill requires the attorney general to file suit  
12 for a violation of the Code chapter every four years from the  
13 date of the most recent court's finding if the attorney general  
14 determines there is reasonable suspicion that a company has  
15 violated a provision of the Code chapter at any point during  
16 the four-year period after the court's most recent finding.  
17 Additionally, the bill requires the attorney general to file  
18 suit to enforce the Code chapter against a governmental entity  
19 every year from the date of the most recent court's finding  
20 that the governmental entity has violated the Code chapter if  
21 the office determines there is a reasonable suspicion that a  
22 violation of this chapter has occurred at any point during the  
23 one-year period after the court's most recent finding. The  
24 bill provides that all records provided to the attorney general  
25 under Code section 554E.6 shall be kept confidential and are  
26 not subject to Code chapter 22.

27 The bill authorizes companies that have been found to have  
28 violated a provision of Code chapter 554E to petition the court  
29 for a stay of the provisions of the Code chapter. The bill  
30 prescribes when this petition may be filed, how many petitions  
31 may be filed, bonding requirements, statements that the  
32 attorney general must file, when a court may grant the stay,  
33 and what occurs in the event a company violates the provisions  
34 of this Code chapter again after a stay has been granted.

35 The bill establishes that governmental entities impacted by

1 an action under Code chapter 554E may intervene in an action  
2 under the Code chapter. Additionally, the bill establishes  
3 that a citizen of this state who has reported a company's  
4 violation of the bill to the attorney general may intervene  
5 in any action related to that company under the Code chapter.  
6 The bill authorizes a citizen of this state who has reported  
7 a company's violation of the bill to file suit to enforce the  
8 provisions of the Code chapter if the company is not currently  
9 subject to the prohibition provided in Code section 554E.3,  
10 subsection 2, and if the company's potential violation of the  
11 Code chapter occurred at least 30 days following the effective  
12 date of the bill.

13 The bill may include a state mandate as defined in Code  
14 section 25B.3. The bill makes inapplicable Code section 25B.2,  
15 subsection 3, which would relieve a political subdivision from  
16 complying with a state mandate if funding for the cost of  
17 the state mandate is not provided or specified. Therefore,  
18 political subdivisions are required to comply with any state  
19 mandate included in the bill.

20 The bill authorizes the attorney general to adopt rules to  
21 administer and interpret Code chapter 554E.

22 The bill requires the attorney general to create a  
23 transitional reporting system within 30 days following the  
24 effective date of the bill that will operate until 59 days  
25 following the effective date of the bill. The bill requires  
26 the transitional reporting system to include, at a minimum, a  
27 mechanism for the electronic submission of reports of potential  
28 violations of chapter 554E and the electronic evidence  
29 associated with the potential violations.

30 The bill takes effect upon enactment and applies to  
31 agreements between a company and a governmental entity in  
32 effect or entered into on or after the effective date of the  
33 bill.