

**Senate File 580 - Introduced**

SENATE FILE 580  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 571)  
(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 specified 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 the  
25 department of management, including any amounts received as  
26 replacement taxes under chapter 437A or 437B, shall be reduced  
27 by ten percent. Once a political subdivision has been found  
28 to have violated a provision of chapter 554E and the amount  
29 of the political subdivision's budget certified under this  
30 chapter and the amount of taxes certified back to the county  
31 auditor by the department of management, including any amounts  
32 received as replacement taxes under chapter 437A or 437B, have  
33 been reduced by ten percent, if the political subdivision fails  
34 to remedy the violation of chapter 554E prior to January 31 of  
35 any subsequent fiscal year, the percentage reduction of the

1 political subdivision's budget certified under this chapter  
2 and the amount of taxes certified back by the department of  
3 revenue, including any amounts received as replacement taxes  
4 under chapter 437A or 437B, shall be reduced by a percentage  
5 equal to the total reduction for the preceding fiscal year plus  
6 five percent.

7 Sec. 3. Section 331.433A, subsection 4, paragraph a,  
8 unnumbered paragraph 1, Code 2021, is amended to read as  
9 follows:

10 The board shall set a time and place for a public hearing  
11 on the resolution before the date for adoption of the  
12 resolution and shall publish notice of the hearing not less  
13 than ten nor more than twenty days prior to the hearing in the  
14 county newspapers selected under [chapter 349](#). If the county  
15 has an internet site, the notice shall also be posted and  
16 clearly identified on the county's internet site for public  
17 viewing beginning on the date of the newspaper publication.  
18 Additionally, if the county maintains a social media account  
19 on one or more social media applications, the public hearing  
20 notice or an electronic link to the public hearing notice  
21 ~~shall~~ may be posted on each such account on the same day as  
22 the publication of the notice. All of the following shall be  
23 included in the notice:

24 Sec. 4. Section 384.15A, subsection 4, paragraph a,  
25 unnumbered paragraph 1, Code 2021, is amended to read as  
26 follows:

27 The council shall set a time and place for a public  
28 hearing on the resolution before the date for adoption of the  
29 resolution and shall publish notice of the hearing not less  
30 than ten nor more than twenty days prior to the hearing in a  
31 newspaper published at least once weekly and having general  
32 circulation in the city. However, if the city has a population  
33 of two hundred or less, publication may be made by posting in  
34 three public places in the city. If the city has an internet  
35 site, the notice shall also be posted and clearly identified

1 on the city's internet site for public viewing beginning on  
2 the date of the newspaper publication or public posting, as  
3 applicable. Additionally, if the city maintains a social media  
4 account on one or more social media applications, the public  
5 hearing notice or an electronic link to the public hearing  
6 notice ~~shall~~ may be posted on each such account on the same day  
7 as the publication of the notice. All of the following shall  
8 be included in the notice:

9 Sec. 5. NEW SECTION. 554E.1 **Definitions.**

10 As used in this chapter, unless the context otherwise  
11 requires:

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

- 14 a. A massive online marketplace.
- 15 b. A massive online video sharing website.
- 16 c. A massive social networking website.
- 17 d. A monopolistic entity.
- 18 e. A pre-installed application store.

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

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

27 a. Depicts or involves killing, maiming, dismembering, or  
28 sexually assaulting an individual.

29 b. Lacks serious literary, scientific, political, or  
30 artistic value.

31 4. "*Expressive merchandise*" means and includes any tangible  
32 personal property that contains or displays a viewpoint that  
33 constitutes constitutionally protected speech.

34 5. "*Governmental entity*" means and includes all of the  
35 following:

1     *a.* A unit of state government in the executive, legislative,  
2 or judicial branch.

3     *b.* A political subdivision of the state, including a city,  
4 county, township, school district, and any other governmental  
5 entity authorized to levy taxes.

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

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

10    8. "*Massive online marketplace*" means and includes an  
11 internet site that meets all of the following criteria:

12    *a.* Offers tangible personal property for sale to the general  
13 public.

14    *b.* Sells or facilitates the sale of protected publications  
15 or expressive merchandise.

16    *c.* Has at least seventy-five million subscribers or members  
17 in the United States in the calendar year before the date a  
18 court has found by a preponderance of the evidence that the  
19 massive online marketplace violated this chapter, or has sold  
20 goods to at least seventy-five million individuals in the  
21 United States in the calendar year before the date a court  
22 has found by a preponderance of the evidence that the massive  
23 online marketplace has violated a provision of this chapter.

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

26    *a.* Allows users or the public to share videos with other  
27 users or the public.

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

30    *c.* Has at least five hundred million videos available at any  
31 point in time.

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

34    *a.* Allows users, through the creation of pages within  
35 the internet site or profiles or by other means, to provide

1 information about themselves that is available to the public  
2 or to other users.

3     *b.* Allows users a mechanism for communication with other  
4 users.

5     *c.* Has at least twenty million subscribers or members  
6 in the United States in the calendar year before the date a  
7 court has found by a preponderance of the evidence that the  
8 massive social networking website has violated a provision  
9 of this chapter, or has been used by at least twenty million  
10 individuals in the United States in the calendar year before  
11 the date a court has found by a preponderance of the evidence  
12 that the massive social networking website has violated a  
13 provision of this chapter.

14     11. "*Monopolistic entity*" means a person who owns or  
15 operates a social networking website, a person who owns or  
16 operates an internet search engine, or a person who owns or  
17 operates any similar internet site that displays content to its  
18 users, and to which any of the following apply:

19     *a.* The person, within the ten-year period preceding the date  
20 a court has found by a preponderance of the evidence that the  
21 person has violated a provision of this chapter, has been found  
22 to have violated any state or federal antitrust or price-fixing  
23 law.

24     *b.* The person is involved in litigation in which the  
25 office of the attorney general has alleged that the person has  
26 violated any state or federal antitrust or price-fixing law.

27     12. "*Obscene material*" means any material depicting or  
28 describing the genitals, sex acts, masturbation, excretory  
29 functions, or sadomasochistic abuse which the average person,  
30 taking the material as a whole and applying contemporary  
31 community standards with respect to what is suitable material  
32 for minors, would find appeals to the prurient interest and is  
33 patently offensive; and the material, taken as a whole, lacks  
34 serious literary, scientific, political, or artistic value.

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

1 14. "*Pornography*" means and includes any material depicting  
2 or describing erotic behavior that is intended to cause sexual  
3 excitement which the average person, taking the material as a  
4 whole and applying contemporary community standards, would find  
5 appeals to the prurient interest and is patently offensive;  
6 and the material, taken as a whole, lacks serious literary,  
7 scientific, political, or artistic value.

8 15. "*Pre-installed application store*" means and includes  
9 any program, application, service, or mechanism that is  
10 pre-installed on a mobile telephone or other portable  
11 electronic communication device capable of being used to write,  
12 send, or view an electronic message that meets all of the  
13 following criteria:

14 a. Facilitated at least one hundred million annual downloads  
15 of programs or applications by individuals in the United  
16 States in the calendar year before the date a court has found  
17 by a preponderance of the evidence that the pre-installed  
18 application store has violated a provision of this chapter.

19 b. Facilitated the download of programs or applications  
20 that constitute a massive online marketplace, massive online  
21 video sharing website, or massive social networking website  
22 in the calendar year before the date a court has found by  
23 a preponderance of the evidence that the pre-installed  
24 application store has violated a provision of this chapter.

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

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

31 a. Allows users, through the creation of pages within  
32 the internet site or profiles or by other means, to provide  
33 information about themselves that is available to the public  
34 or to other users.

35 b. Allows users a mechanism for communication with other

1 users.

2 Sec. 6. NEW SECTION. 554E.2 Prohibition on censorship —  
3 ability to opt out of certain algorithms.

4 1. *a.* A company shall not intentionally affect the ability  
5 of a citizen of this state to view, comment, or otherwise  
6 interact with a United States citizen's content on the  
7 company's internet site by limiting, blocking, or otherwise  
8 restricting any content on the company's internet site if the  
9 content constitutes constitutionally protected speech.

10 *b.* A company shall not intentionally restrict the ability of  
11 a citizen of this state to download a social networking website  
12 on a pre-installed application store.

13 *c.* A company shall not intentionally restrict the ability of  
14 a citizen of this state to purchase any protected publication  
15 or expressive merchandise on a massive online marketplace  
16 if similar protected publications or expressive merchandise  
17 were allowed for sale on the massive online marketplace at  
18 the time the company restricted the ability of a citizen of  
19 this state to purchase the protected publication or expressive  
20 merchandise.

21 2. Notwithstanding subsection 1, a company may do any of the  
22 following:

23 *a.* Restrict the ability of a citizen of this state to  
24 view, comment, or otherwise interact with a United States  
25 citizen's content on the company's internet site if the  
26 content is criminal in nature, if the content does not  
27 constitute constitutionally protected speech, or if the content  
28 constitutes any of the following:

- 29 (1) Obscene material.
- 30 (2) Excessively violent content.
- 31 (3) Pornography.
- 32 (4) Content generated by bots.
- 33 (5) Intellectual property.

34 *b.* Restrict the ability of a citizen of this state to  
35 download a social networking website program or application



1 from a pre-installed application store if the social networking  
2 website is being used for criminal activity and the social  
3 networking website does not have a policy in place to require  
4 its employees to notify law enforcement upon receiving a  
5 complaint or otherwise becoming aware of the criminal activity  
6 being discussed or conducted on its social networking website,  
7 or does not have a policy in place to require its employees  
8 to refer the complaint or existence of criminal activity to  
9 designated employees that carry out the policy.

10 c. Restrict the ability of a citizen of this state to  
11 download a social networking website program or application  
12 from a pre-installed application store if, within sixty days  
13 of the restriction, the United States department of homeland  
14 security determines the social networking website program or  
15 application constitutes a national security threat.

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

21 b. For purposes of this subsection:

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

27 (2) "*Shadow banning algorithm*" means and includes the  
28 mechanism, process, or set of rules that is used to restrict  
29 the visibility of a subscriber's, member's, or user's content  
30 to other subscribers, members, or users in a way that is not  
31 readily apparent to the subscriber, member, or user who created  
32 the content.

33 Sec. 7. NEW SECTION. 554E.3 Enforcement — companies.

34 1. a. A court's finding by a preponderance of the evidence  
35 that a company has violated a provision of this chapter shall

1 be conclusive proof of the company's breach of any agreement  
2 between the company and a governmental entity in effect as  
3 of the effective date of this Act regarding tax credits;  
4 assistance under section 15.335B; sales tax exemptions or  
5 refunds under chapter 423; or property tax credits, exemptions,  
6 including but not limited to exemptions under chapter 427,  
7 rebates, refunds, reimbursements, or grants for property  
8 taxes paid, and the governmental entity shall cancel the  
9 agreement effective as of the date of the court's finding by  
10 a preponderance of the evidence that a company has violated a  
11 provision of this chapter.

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

23     2. Notwithstanding any other provision of law to the  
24 contrary, upon a court's finding by a preponderance of the  
25 evidence that a company has violated a provision of this  
26 chapter, the company shall be prohibited from entering into  
27 any future agreement with a governmental entity regarding  
28 tax credits; assistance under section 15.335B; sales tax  
29 exemptions or refunds under chapter 423; or property tax  
30 credits, exemptions, including but not limited to exemptions  
31 under chapter 427, rebates, refunds, reimbursements, or grants  
32 for property taxes paid, and shall be prohibited from receiving  
33 any future payments; 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. The prohibition provided in  
3 this subsection shall begin on the date of the court's finding.  
4 Except as provided in section 554E.7, the prohibition shall  
5 be for a period of twenty years. The twenty-year prohibition  
6 shall be reinstated for each subsequent finding by a court  
7 pursuant to this subsection.

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

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

1 previously claimed by the company.

2 *b.* Payments or other quantifiable benefits received but not  
3 earned by the company shall be returned to the governmental  
4 entity.

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

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

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

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

27 *b.* Provide notice to a company on the form provided by the  
28 office of the attorney general pursuant to subsection 3, of  
29 the governmental entity's rights pursuant to section 554E.3 by  
30 certified mail return receipt requested if the governmental  
31 entity determines pursuant to subsection 1 that a currently  
32 effective agreement; tax credit; assistance under section  
33 15.335B; sales tax exemption or refund under chapter 423; or  
34 property tax credit, exemption, including but not limited to  
35 an exemption under chapter 427, rebate, refund, reimbursement,

1 or grant for property taxes paid, was entered into with, or  
2 provided to, the company beginning January 1, 2001, through the  
3 effective date of this Act.

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

6 *d.* Nothing in this subsection shall be construed to  
7 provide a company that did not receive notice a defense to  
8 a suit alleging a violation of this chapter or a defense to  
9 a suit alleging the company breached an agreement with the  
10 governmental entity.

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

14 *a.* A statement summarizing the governmental entity's  
15 enforcement rights under section 554E.3 with respect to  
16 agreements related to tax credits; assistance under section  
17 15.335B; sales tax exemptions or refunds under chapter 423; and  
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.

21 *b.* A provision stating that any agreement between the  
22 governmental entity and a company subject to section 554E.3  
23 that does not relate to tax credits; assistance under section  
24 15.335B; sales tax exemptions or refunds under chapter 423; or  
25 property tax credits, exemptions, including but not limited to  
26 exemptions under chapter 427, rebates, refunds, reimbursements,  
27 or grants for property taxes paid, may be canceled at the  
28 governmental entity's discretion within ninety days after a  
29 court's finding by a preponderance of the evidence that the  
30 company has violated a provision of this chapter.

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

35 **Sec. 9. NEW SECTION. 554E.5 Enforcement — governmental**

1 **entities.**

2 Notwithstanding any other provision of law to the contrary,  
3 upon a court's finding by a preponderance of the evidence  
4 that a governmental entity intentionally violated a provision  
5 of this chapter, including but not limited to by making  
6 payments or providing tax credits; assistance under section  
7 15.335B; sales tax exemptions or refunds under chapter 423; or  
8 property tax credits, exemptions, including but not limited to  
9 exemptions under chapter 427, rebates, refunds, reimbursements,  
10 or grants for property taxes paid, in violation of section  
11 554E.3, all of the following shall apply:

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

15 2. If the governmental entity receives an appropriation,  
16 the governmental entity's portion of each appropriation in the  
17 fiscal year of the court's finding of an intentional violation  
18 shall be reduced by ten percent. If the governmental entity  
19 fails to remedy the violation of this chapter prior to the  
20 beginning of the subsequent fiscal year, the governmental  
21 entity's portion of each appropriation made by the general  
22 assembly for the subsequent fiscal year shall be reduced by a  
23 percentage equal to the percentage reduction for the preceding  
24 fiscal year plus five percent. All appropriation amounts  
25 reduced pursuant to this section shall be transferred to the  
26 fund from which they were appropriated.

27 **Sec. 10. NEW SECTION. 554E.6 Obligations of the office of**  
28 **the attorney general.**

29 1. The office of the attorney general shall enforce  
30 the provisions of this chapter, including in all appeal  
31 proceedings.

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

35 b. The office of the attorney general shall file an

1 application for further review with the supreme court if, after  
2 the appeal provided in paragraph "a", the supreme court issues  
3 an order of transfer and transfers the case to the court of  
4 appeals and the company prevails in the action before the court  
5 of appeals.

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

9 2. a. Within sixty days following the effective date  
10 of this Act, the office of the attorney general shall make  
11 available on its internet site a system to allow a citizen of  
12 this state to report potential violations of this chapter by a  
13 company or by a governmental entity to the office.

14 b. The system required pursuant to paragraph "a" shall  
15 include all of the following:

16 (1) A mechanism for the electronic submission of  
17 photographs or other evidence of a company's potential  
18 violation of this chapter.

19 (2) An annual accounting, on a calendar year basis, of the  
20 number of complaints received by the office of the attorney  
21 general related to the number of potential violations of this  
22 chapter by companies and governmental entities. In addition  
23 to the current year's accounting, the system shall display  
24 annual accountings required by this subparagraph for the years  
25 preceding the current calendar year.

26 (3) An annual accounting, on a calendar year basis, of the  
27 number of investigations required pursuant to subsections 3  
28 and 4 in which the office of the attorney general determines  
29 the preponderance of the evidence indicates that a company  
30 or governmental entity violated this chapter. In addition  
31 to the current year's accounting, the system shall display  
32 annual accountings required by this subparagraph for the years  
33 preceding the current calendar year.

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

1 (5) A list of the governmental entities that a court has  
2 found by a preponderance of the evidence have violated this  
3 chapter.

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

6 3. Notwithstanding subsection 5, the office of the attorney  
7 general shall complete the investigation of a report received  
8 pursuant to subsection 2 within sixty days of the receipt  
9 of the report if the report included a photograph or other  
10 evidence that, in the opinion of the office, indicates a  
11 company's potential violation of this chapter.

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

18 a. The office will investigate the report, in which case the  
19 office shall complete the investigation within sixty days of  
20 the receipt of the report.

21 b. The person has thirty days to provide the office with  
22 a photograph or other evidence that indicates a potential  
23 violation of this chapter, in which case the office shall  
24 complete the investigation within sixty days of the receipt of  
25 the photograph or other evidence.

26 5. a. Upon completion of an investigation or investigations  
27 in which the office of the attorney general determines the  
28 preponderance of the evidence indicates that a company or  
29 governmental entity has violated this chapter, the office shall  
30 file suit in a court of competent jurisdiction to enforce the  
31 provisions of this chapter.

32 b. The office of the attorney general shall file suit for  
33 a violation of this chapter every four years from the date of  
34 the most recent court's finding if the office determines that  
35 a company has violated this chapter at any point during the



1 four-year period after the court's most recent finding.

2 *c.* (1) The office of the attorney general shall file suit  
3 against a governmental entity that has previously been found  
4 to have violated a provision of this chapter no later than  
5 February 1 of any subsequent fiscal year if the office of the  
6 attorney general determines that the governmental entity failed  
7 to remedy a prior violation of this chapter prior to January  
8 31 of the current fiscal year.

9 (2) In a suit filed pursuant to this paragraph, the sole  
10 issue before the court shall be to determine whether the  
11 governmental entity has remedied a prior violation of this  
12 chapter.

13 *d.* The office of the attorney general may join all claims  
14 arising from investigations under this subsection against a  
15 company or governmental entity if the preponderance of the  
16 evidence indicates that the company or governmental entity has  
17 violated this chapter.

18 6. *a.* To accomplish the objectives and to carry out the  
19 duties prescribed by this section, the office of the attorney  
20 general, in addition to other powers conferred upon the office  
21 of the attorney general by this section, may issue subpoenas to  
22 any person, administer an oath or affirmation to any person,  
23 conduct hearings in aid of any investigation or inquiry, and  
24 prescribe such forms as may be necessary.

25 *b.* Subject to paragraph "c", information, documents,  
26 testimony, or other evidence provided to the office of the  
27 attorney general by a person pursuant to paragraph "a", or  
28 provided by a person as evidence in any civil action brought  
29 pursuant to this section, shall not be admitted in evidence,  
30 or used in any manner whatsoever, in any criminal prosecution  
31 or forfeiture proceeding against that person. If a criminal  
32 prosecution or forfeiture proceeding is initiated in a state  
33 court against a person who has provided information pursuant to  
34 paragraph "a", the state shall have the burden of proof that the  
35 information provided was not used in any manner to further the

1 criminal investigation, prosecution, or forfeiture proceeding.  
2 *c.* Paragraph "b" does not apply unless the person has first  
3 asserted a right against self-incrimination and the office of  
4 the attorney general has elected to provide the person with a  
5 written statement that the information, documents, testimony,  
6 or other evidence at issue are subject to paragraph "b". After  
7 a person has been provided with such a written statement by the  
8 office of the attorney general, a claim of privilege against  
9 self-incrimination is not a defense to any action or proceeding  
10 to obtain the information, documents, testimony, or other  
11 evidence. The limitation on the use of evidence in a criminal  
12 proceeding contained in this section does not apply to any  
13 prosecution or proceeding for perjury or contempt of court  
14 committed in the course of the giving or production of the  
15 information, documents, testimony, or other evidence.

16 7. Service by the office of the attorney general of any  
17 notice requiring a person to file a statement or report, or of  
18 a subpoena upon any person, shall be made personally within  
19 this state, but if such cannot be obtained, substituted service  
20 may be made in any of the following ways:

21 *a.* Personal service thereof without this state.

22 *b.* The mailing thereof by registered mail to the last known  
23 place of business, residence, or abode within or without this  
24 state of such person for whom the same is intended.

25 *c.* As to any person other than a natural person, in the  
26 manner provided in the rules of civil procedure as if a  
27 petition had been filed.

28 *d.* Such service as a district court may direct in lieu of  
29 personal service within this state.

30 8. If a person fails or refuses to file a statement or  
31 report, or obey any subpoena issued by the office of the  
32 attorney general, the office of the attorney general may, after  
33 notice, apply to the Polk county district court or the district  
34 court for the county in which the person resides or is located  
35 and, after hearing, request an order that provides for any of

1 the following:

2     *a.* A grant of injunctive relief, restraining the sale or  
3 advertisement of any merchandise by such persons.

4     *b.* The dissolution of a corporation created by or under the  
5 laws of this state or revoking or suspending the certificate of  
6 authority to do business in this state of a foreign corporation  
7 or revoking or suspending any other licenses, permits, or  
8 certificates issued pursuant to law to such person which are  
9 used to further the allegedly unlawful practice.

10     *c.* A grant of such other relief as may be required until the  
11 person files the statement or report, or obeys the subpoena.

12     9. *a.* The office of the attorney general shall notify the  
13 department of management upon a court's initial finding by a  
14 preponderance of the evidence that a governmental entity has  
15 intentionally violated a provision of this chapter, including  
16 in a suit filed pursuant to section 554E.8, subsection 3.

17     *b.* The office of the attorney general shall notify the  
18 department of management no later than June 1 of any subsequent  
19 fiscal year if a governmental entity fails to remedy the  
20 violation of chapter 554E prior to January 31 of the current  
21 fiscal year.

22     10. All records provided to the office of the attorney  
23 general pursuant to this section shall be kept confidential and  
24 are not subject to chapter 22.

25     Sec. 11. NEW SECTION. 554E.7 **Petition for stay.**

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

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

34     3. Within thirty days after a company files a petition for  
35 a stay pursuant to subsection 1, the office of the attorney

1 general shall file with the court a statement indicating any  
2 reports received under section 554E.6, subsection 2, related  
3 to the company from the date of the court's finding that  
4 the company violated a provision of this chapter pursuant to  
5 section 554E.3 through the date the company filed the petition  
6 for a stay.

7 4. The court shall grant the petition for stay filed  
8 pursuant to subsection 1 if it finds that the company did not  
9 violate the provisions of this chapter from the date of the  
10 court's finding that the company violated a provision of this  
11 chapter pursuant to section 554E.3 through the date the company  
12 filed the petition for a stay.

13 a. Beginning one year after the court grants the petition  
14 for stay pursuant to this subsection, the company shall  
15 annually file with the court an additional bond in the amount  
16 of 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, which the company received  
21 from the state during the previous year.

22 b. A governmental entity shall not provide the company  
23 with any tax credits; assistance under section 15.335B; sales  
24 tax exemptions or refunds under chapter 423; or property tax  
25 credits, exemptions, including but not limited to exemptions  
26 under chapter 427, rebates, refunds, reimbursements, or grants  
27 for property taxes paid, until the company has satisfied the  
28 requirements in paragraph "a" for the previous year.

29 5. The company shall be permanently prohibited from  
30 entering into any agreement with a governmental entity  
31 regarding tax credits; assistance under section 15.335B; sales  
32 tax exemptions or refunds under chapter 423; or property tax  
33 credits, exemptions, including but not limited to exemptions  
34 under chapter 427, rebates, refunds, reimbursements, or grants  
35 for property taxes paid, and shall be permanently prohibited

1 from receiving from a governmental entity any payments; tax  
2 credits; assistance under section 15.335B; sales tax exemptions  
3 or refunds under chapter 423; or property tax credits,  
4 exemptions, including but not limited to exemptions under  
5 chapter 427, rebates, refunds, reimbursements, or grants for  
6 property taxes paid, if the company violates a provision of  
7 this chapter after a court has granted the company's petition  
8 for stay pursuant to this section and before the end of the  
9 twenty-year prohibition provided in section 554E.3, subsection  
10 1.

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

13 7. A company shall not file more than one petition for  
14 a stay of the provisions of section 554E.3, subsection 1,  
15 during the twenty-year prohibition provided in section 554E.3,  
16 subsection 1.

17 8. Nothing in this section shall be construed to limit the  
18 authority of the office of the attorney general under section  
19 554E.6 to investigate potential violations of this chapter or  
20 file suit to enforce the provisions of this chapter.

21 **Sec. 12. NEW SECTION. 554E.8 Right to intervene —**  
22 **enforcement by citizens of this state.**

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

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

29 3. Notwithstanding section 554E.6, subsection 1, a citizen  
30 of this state who has reported a company's potential violation  
31 of this chapter pursuant to section 554E.6 may file suit in a  
32 court of competent jurisdiction to enforce the provisions of  
33 this chapter if the company is not currently subject to the  
34 prohibition provided in section 554E.3, subsection 2, and if  
35 the company's potential violation of this chapter occurred at

1 least thirty days following the effective date of this Act.

2 Sec. 13. NEW SECTION. 554E.9 Rules.

3 The office of the attorney general shall adopt rules  
4 pursuant to chapter 17A to administer and interpret this  
5 chapter.

6 Sec. 14. TRANSITIONAL COMPLAINT REPORTING SYSTEM. Within  
7 thirty days following the effective date of this Act, and until  
8 fifty-nine days following the effective date of this Act, the  
9 office of the attorney general shall make available on its  
10 internet site a transitional system to allow a citizen of  
11 this state to report potential violations of chapter 554E by  
12 a company or a governmental entity to the office. The system  
13 shall include, at a minimum, a mechanism for the electronic  
14 submission of reports of potential violations of chapter 554E  
15 and the electronic evidence associated with the potential  
16 violations.

17 Sec. 15. IMPLEMENTATION OF ACT. Section 25B.2, subsection  
18 3, shall not apply to this Act.

19 Sec. 16. EFFECTIVE DATE. This Act, being deemed of  
20 immediate importance, takes effect upon enactment.

21 Sec. 17. APPLICABILITY. This Act applies to agreements  
22 between a company and a governmental entity in effect or  
23 entered into on or after the effective date of this Act.

24 EXPLANATION

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

27 This bill prohibits the state or political subdivisions of  
28 the state from entering into contracts with, or providing tax  
29 incentives or other specified benefits to, certain companies  
30 that censor online content.

31 The bill requires that, before public funds are used for  
32 economic development, the public body dispensing the public  
33 funds shall consider whether a court has found that the person  
34 to whom the funds will be dispersed has violated a provision  
35 of new Code chapter 554E, and whether the person is involved

1 in litigation in which it has been alleged that the person  
2 violated Code chapter 554E.

3 The bill modifies Code section 24.17 to provide that, for  
4 fiscal years beginning on or after July 1, 2021, if a political  
5 subdivision has been found to have violated new Code chapter  
6 554E during the 12-month period prior to the date taxes are  
7 certified, the amount of the political subdivision's budget  
8 certified under Code chapter 24 and the amount of taxes  
9 certified back to the county auditor by the department of  
10 management shall be reduced as described in the bill.

11 Current law requires a county board of supervisors and a  
12 city council to post a public hearing notice on the board's or  
13 council's social media account. The bill provides that posting  
14 of the public hearing notice is authorized but not required.

15 The bill establishes new Code chapter 554E. The bill  
16 adds several defined terms to the Code chapter, including  
17 definitions for "company", "content generated by bots",  
18 "excessively violent content", "expressive merchandise",  
19 "governmental entity", "intellectual property", "internet  
20 site", "massive online marketplace", "massive online video  
21 sharing website", "massive social networking website",  
22 "monopolistic entity", "obscene material", "pornography",  
23 "pre-installed application store", and "social networking  
24 website".

25 The bill prohibits a company from intentionally affecting  
26 the ability of a citizen of this state to view, comment, or  
27 otherwise interact with certain content on the company's  
28 internet site by restricting such content.

29 The bill prohibits a company from intentionally affecting  
30 the ability of a citizen of this state to interact with  
31 certain content on the company's internet site, restricting  
32 the ability of a citizen of this state to download a social  
33 networking website on a pre-installed application store, or  
34 restricting the ability of a citizen of this state to purchase  
35 any protected publication or expressive merchandise on a

1 massive online marketplace as prescribed in the bill. The bill  
2 provides, however, that a company may restrict the ability  
3 of a citizen of this state to interact with a United States  
4 citizen's content on the company's internet site in certain  
5 enumerated cases.

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

13 The bill provides that a court's finding that a company has  
14 violated the prohibition on censorship shall be conclusive  
15 proof of the company's breach of any agreement between the  
16 company and a governmental entity, and the governmental entity  
17 shall cancel the agreement effective as of the date described  
18 in the bill.

19 The bill provides that, upon a court's finding that a  
20 company has violated this prohibition on censorship, the  
21 company shall be prohibited from entering into any future  
22 agreement with a governmental entity and shall be prohibited  
23 from receiving any future payment from a governmental entity.  
24 The bill establishes that this begins on the date of the  
25 court's finding and shall extend for a period of 20 years,  
26 unless a stay is granted pursuant to the terms of Code section  
27 554E.7. Additionally, the bill establishes that this 20-year  
28 prohibition shall be reinstated for each subsequent finding by  
29 a court that a company violated the prohibition on censorship.

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



1 The bill provides that the prohibition on entering into any  
2 agreement with a governmental entity and the requirement that  
3 unearned amounts be returned to governmental entities shall not  
4 be stayed during appeal proceedings.

5 The bill requires a governmental entity to take certain  
6 enumerated steps with respect to companies it may have  
7 agreements with within 30 days of the effective date of the  
8 bill. The bill also requires a governmental entity to include  
9 in its contracts certain statements and provisions related to  
10 the governmental entity's enforcement rights under Code section  
11 554E.3. The bill requires the office of the attorney general  
12 to develop a form describing these enforcement rights within  
13 seven days of the effective date of the bill.

14 The bill provides that if a governmental entity  
15 intentionally violates Code chapter 554E, certain financial  
16 penalties will apply.

17 The bill requires the attorney general to enforce the  
18 provisions of Code chapter 554E. The bill requires the  
19 attorney general to appeal a district court's decision if a  
20 company prevails in the district court in an action under Code  
21 chapter 554E. Additionally, the bill requires the attorney  
22 general to file an application for further review with the  
23 supreme court if, after the first appeal, the supreme court  
24 transfers the case to the court of appeals and the company  
25 prevails in the action before the court of appeals.

26 The bill provides that, within 60 days of the effective  
27 date of the bill, the attorney general shall make available on  
28 its internet site a system to allow a citizen of this state to  
29 report potential violations of Code chapter 554E by a company  
30 or by a governmental entity. The bill requires this system  
31 to include several features. The bill establishes certain  
32 investigative responsibilities of the attorney general with  
33 respect to reports submitted through this system.

34 The bill requires the attorney general to file suit in a  
35 court of competent jurisdiction to enforce the provisions of

1 the Code chapter, and the bill establishes when the attorney  
2 general shall file suit. The bill provides the attorney  
3 general with certain enumerated powers. Additionally, the  
4 bill requires the attorney general to notify the department of  
5 management regarding the outcome of cases arising under the  
6 Code chapter. The bill provides that all records provided to  
7 the attorney general under Code section 554E.6 shall be kept  
8 confidential and are not subject to Code chapter 22.

9 The bill authorizes companies that have been found to have  
10 violated a provision of Code chapter 554E to petition the court  
11 for a stay of the provisions of the Code chapter. The bill  
12 prescribes when this petition may be filed, how many petitions  
13 may be filed, bonding requirements, statements that the  
14 attorney general must file, when a court may grant the stay,  
15 and what occurs in the event a company violates the provisions  
16 of this Code chapter again after a stay has been granted.

17 The bill establishes that governmental entities impacted by  
18 an action under Code chapter 554E may intervene in an action  
19 under the Code chapter. Additionally, the bill establishes  
20 that a citizen of this state who has reported a company's  
21 violation of the bill to the attorney general may intervene  
22 in any action related to that company under the Code chapter.  
23 The bill authorizes a citizen of this state who has reported  
24 a company's violation of the bill to file suit to enforce the  
25 provisions of the Code chapter if the company is not currently  
26 subject to the prohibition provided in Code section 554E.3,  
27 subsection 2, and if the company's potential violation of the  
28 Code chapter occurred at least 30 days following the effective  
29 date of the bill.

30 The bill may include a state mandate as defined in Code  
31 section 25B.3. The bill makes inapplicable Code section 25B.2,  
32 subsection 3, which would relieve a political subdivision from  
33 complying with a state mandate if funding for the cost of  
34 the state mandate is not provided or specified. Therefore,  
35 political subdivisions are required to comply with any state

1 mandate included in the bill.

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

4 The bill requires the attorney general to create a  
5 transitional reporting system within 30 days following the  
6 effective date of the bill that will operate until 59 days  
7 following the effective date of the bill. The bill requires  
8 the transitional reporting system to include, at a minimum, a  
9 mechanism for the electronic submission of reports of potential  
10 violations of chapter 554E and the electronic evidence  
11 associated with the potential violations.

12 The bill takes effect upon enactment and applies to  
13 agreements between a company and a governmental entity in  
14 effect or entered into on or after the effective date of the  
15 bill.