

Senate Study Bill 3063 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to sales, use, and motor vehicle fuel taxes
2 administered by the department of revenue including
3 distributions to local governments and school districts, the
4 liability of sellers, tax refund and tax credit incentives,
5 and motor fuel tax reporting and terminology modifications,
6 and providing penalties, and including effective date and
7 applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

SALES, USE, AND EXCISE TAX — RETURNS DUE

Section 1. Section 9C.3, subsection 3, Code 2022, is amended to read as follows:

3. The application shall state whether or not the applicant has an Iowa retailers sales or use tax permit and if the applicant has such permit, shall state the number of such permit.

Sec. 2. Section 9C.5, Code 2022, is amended to read as follows:

9C.5 Issuance of license.

Upon receiving an application for a transient merchant's license, the secretary of state shall investigate or cause to be investigated, the reputation and character of the applicant. If, upon making such investigation, the secretary of state is satisfied that the statements and representations contained in the application are true, and that the applicant is of good reputation and character, and the holder of an Iowa ~~retailer's~~ sales or use tax permit, and if a foreign corporation, has authority to do business in the state of Iowa, the secretary shall issue to the applicant a license as a transient merchant upon payment of the fee as herein prescribed for the period of time requested in said application and for use at the location and place where it is stated in said application the sale will be held or the business conducted, both of which shall be set out in said license. Such license shall be valid only for the period of time and at the location and place described therein.

Sec. 3. Section 99G.30A, subsection 2, paragraph c, Code 2022, is amended to read as follows:

c. Frequency of deposits and ~~quarterly~~ monthly reports of the monitor vending machine excise tax with the department of revenue are governed by the tax provisions in [section 423.31](#). Monitor vending machine excise tax collections shall not be included in computation of the total tax to determine frequency of filing under [section 423.31](#).

1 Sec. 4. Section 321.105A, subsection 4, paragraph b, Code
2 2022, is amended to read as follows:

3 b. Section 422.25, subsection 4, sections 422.30, 422.67,
4 and 422.68, section 422.69, subsection 1, sections 422.70,
5 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
6 2, and sections 423.23, 423.24, 423.25, ~~423.32~~, 423.33, 423.35,
7 423.37 through 423.42, 423.45, and 423.47, consistent with the
8 provisions of this section, apply with respect to the fees
9 for new registration authorized under this section in the
10 same manner and with the same effect as if the fees for new
11 registration were retail use taxes within the meaning of those
12 statutes.

13 Sec. 5. Section 421.26, Code 2022, is amended to read as
14 follows:

15 **421.26 Personal liability for tax due.**

16 If a licensee or other person under section 452A.65, a
17 retailer or purchaser under chapter 423A, 423B, 423C, 423D,
18 or 423E, or section 423.14, 423.14A, 423.29, 423.31, ~~423.32~~,
19 or 423.33, or a user under section 423.34, or a permit holder
20 or licensee under section 453A.13, 453A.16, or 453A.44 fails
21 to pay a tax under those sections when due, an officer of a
22 corporation or association, notwithstanding section 489.304,
23 a member or manager of a limited liability company, or a
24 partner of a partnership, having control or supervision of
25 or the authority for remitting the tax payments and having
26 a substantial legal or equitable interest in the ownership
27 of the corporation, association, limited liability company,
28 or partnership, who has intentionally failed to pay the tax
29 is personally liable for the payment of the tax, interest,
30 and penalty due and unpaid. However, this section shall
31 not apply to taxes on accounts receivable. The dissolution
32 of a corporation, association, limited liability company,
33 or partnership shall not discharge a person's liability for
34 failure to remit the tax due.

35 Sec. 6. Section 423.2, subsection 1, paragraph b, Code 2022,

1 is amended to read as follows:

2 *b.* Sales of building materials, supplies, and equipment
3 to owners, contractors, subcontractors, or builders for the
4 erection of buildings or the alteration, repair, or improvement
5 of real property are retail sales of tangible personal property
6 in whatever quantity sold. Where the owner, contractor,
7 subcontractor, or builder is also a retailer holding a ~~retail~~
8 sales or use tax permit and transacting retail sales of
9 building materials, supplies, and equipment, the person shall
10 purchase such items of tangible personal property without
11 liability for the tax if such property will be subject to the
12 tax at the time of resale or at the time it is withdrawn from
13 inventory for construction purposes. The sales tax shall be
14 due in the reporting period when the materials, supplies,
15 and equipment are withdrawn from inventory for construction
16 purposes or when sold at retail. The tax shall not be due when
17 materials are withdrawn from inventory for use in construction
18 outside of Iowa and the tax shall not apply to tangible
19 personal property purchased and consumed by the manufacturer as
20 building materials in the performance by the manufacturer or
21 its subcontractor of construction outside of Iowa. The sale
22 of carpeting is not a sale of building materials. The sale of
23 carpeting to owners, contractors, subcontractors, or builders
24 shall be treated as the sale of ordinary tangible personal
25 property and subject to the tax imposed under [this subsection](#)
26 and the use tax.

27 Sec. 7. Section 423.3, subsection 39, paragraph a,
28 subparagraph (2), Code 2022, is amended to read as follows:

29 (2) The sale of all or substantially all of the tangible
30 personal property, or specified digital products, or services
31 held or used by a seller in the course of the seller's trade
32 or business for which the seller is required to hold a sales
33 or use tax permit when the seller sells or otherwise transfers
34 the trade or business to another person who shall engage in a
35 similar trade or business.

1 Sec. 8. Section 423.3, subsection 80, paragraph d, Code
2 2022, is amended to read as follows:

3 *d.* Subject to the limitations in paragraph “*c*”, where the
4 owner, contractor, subcontractor, or builder is also a retailer
5 holding a retail sales or use tax permit and transacting
6 retail sales of building materials, supplies, and equipment,
7 the tax shall not be due when materials are withdrawn from
8 inventory for use in construction performed for a designated
9 exempt entity if an exemption certificate is received from such
10 entity.

11 Sec. 9. Section 423.5, subsection 2, Code 2022, is amended
12 to read as follows:

13 2. The excise tax is imposed upon every person using
14 the property within this state until the tax has been paid
15 directly to the county treasurer, the state department of
16 transportation, a retailer, or the department. This tax is
17 imposed on every person using the services or the product of
18 the services in this state until the user has paid the tax
19 either to an Iowa sales or use tax permit holder or to the
20 department.

21 Sec. 10. Section 423.14, subsection 2, paragraph b, Code
22 2022, is amended to read as follows:

23 *b.* The tax upon the use of all tangible personal property
24 and specified digital products other than that enumerated in
25 paragraph “*a*”, which is sold by a seller who is a retailer or
26 its agent that is not otherwise required to collect sales tax
27 under the provisions of [this chapter](#), may be collected by the
28 retailer or agent and remitted to the department, pursuant to
29 the provisions of paragraph “*e*”, and [sections 423.24, 423.29,](#)
30 [423.30, ~~423.32~~ 423.31,](#) and [423.33](#).

31 Sec. 11. Section 423.14A, subsection 3, paragraph c,
32 subparagraph (2), Code 2022, is amended to read as follows:

33 (2) A marketplace facilitator shall collect sales and
34 use tax on the entire sales price or purchase price paid by
35 a purchaser on each Iowa sale subject to sales and use tax

1 that is made or facilitated by the marketplace facilitator,
2 regardless of whether the marketplace seller for whom an Iowa
3 sale is made or facilitated has or is required to have a ~~retail~~
4 sales or use tax permit or would have been required to collect
5 sales and use tax had the sale not been facilitated by the
6 marketplace facilitator, and regardless of the amount of the
7 sales price or purchase price that will ultimately accrue
8 to or benefit the marketplace facilitator, the marketplace
9 seller, or any other person. This sales and use tax collection
10 responsibility of a marketplace facilitator applies but shall
11 not be limited to sales facilitated through a computer software
12 application, commonly referred to as in-app purchases, or
13 through another specified digital product.

14 Sec. 12. Section 423.31, subsections 1, 3, 5, and 6, Code
15 2022, are amended to read as follows:

16 1. a. ~~Each~~ Except as provided in paragraph "b", each person
17 subject to this section and section 423.36 and in accordance
18 with the provisions of this section and section 423.36 shall,
19 on or before the last day of the month following the close of
20 each calendar ~~quarter~~ month during which such person is or
21 has become or ceased being subject to the provisions of this
22 section and section 423.36, make, sign, and file electronically
23 a return for the calendar ~~quarter~~ month in the form as may be
24 required. Returns shall show information relating to sales
25 prices including tangible personal property, specified digital
26 products, and services converted to the use of such person,
27 the amounts of sales prices excluded and exempt from the tax,
28 the amounts of sales prices subject to tax, a calculation of
29 tax due, and any other information for the period covered by
30 the return as may be required. Returns shall be signed by
31 the retailer or the retailer's authorized agent and must be
32 certified by the retailer to be correct in accordance with
33 forms and rules prescribed by the director. A person required
34 to file a sales or use tax return who is unable to do so may
35 request permission from the director to file a return by

1 another method.

2 b. Notwithstanding paragraph "a", each person subject to
3 this section who collects and remits less than one thousand
4 two hundred dollars in sales or use tax to the department per
5 calendar year may file a return on or before the last day of the
6 month following the close of the calendar year.

7 ~~3. The sales tax forms prescribed by the director shall be~~
8 ~~referred to as "retailers tax deposit". Deposit forms shall~~
9 ~~be signed by the retailer or the retailer's duly authorized~~
10 ~~agent, and shall be duly certified by the retailer or agent to~~
11 ~~be correct. The director may authorize incorporated banks and~~
12 ~~trust companies or other depositories authorized by law which~~
13 ~~are depositories or financial agents of the United States,~~
14 ~~or of this state, to receive any sales or use tax imposed~~
15 ~~under this chapter, in the manner, at the times, and under~~
16 ~~the conditions the director prescribes. The director shall~~
17 ~~prescribe the manner, times, and conditions under which the~~
18 ~~receipt of the tax by those depositories is to be treated as~~
19 ~~payment of the tax to the department.~~

20 5. a. Upon making application and receiving approval
21 from the director, a person and its affiliates that make
22 retail sales of tangible personal property, specified digital
23 products, or taxable enumerated services may make deposits and
24 file a consolidated sales or use tax return for the affiliated
25 group, pursuant to rules adopted by the director. A person and
26 each affiliate that files a consolidated return are jointly and
27 severally liable for all tax, penalty, and interest found due
28 for the tax period for which a consolidated return is filed or
29 required to be filed.

30 b. A business required to file a consolidated sales or use
31 tax return shall file a form entitled "schedule of consolidated
32 business locations" with its ~~quarterly~~ sales or use tax
33 return that shows the taxpayer's consolidated permit number,
34 the permit number for each Iowa business location, the state
35 sales tax amount by business location, and the amount of state

1 sales tax due on goods consumed that are not assigned to a
2 specific business location. Consolidated ~~quarterly~~ sales or
3 use tax returns that are not accompanied by the schedule of
4 consolidated business locations form are considered incomplete
5 and are subject to penalty under [section 421.27](#).

6 6. If necessary or advisable in order to ~~insure~~ ensure
7 the payment of the tax, the director may require returns and
8 payment of the tax to be made for other than ~~quarterly~~ monthly
9 periods, the provisions of [this section](#) or other provision to
10 the contrary notwithstanding.

11 Sec. 13. Section 423.31, subsection 2, Code 2022, is amended
12 by striking the subsection.

13 Sec. 14. Section 423.33, subsection 1, paragraph a, Code
14 2022, is amended to read as follows:

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

21 Sec. 15. Section 423.33, subsection 3, Code 2022, is amended
22 to read as follows:

23 3. *Event sponsor's liability for sales tax.* A person
24 sponsoring a flea market or a craft, antique, coin, or stamp
25 show or similar event shall obtain from every retailer selling
26 tangible personal property, specified digital products, or
27 taxable services at the event proof that the retailer possesses
28 a valid sales or use tax permit or secure from the retailer
29 a statement, taken in good faith, that tangible personal
30 property, specified digital products, or services offered for
31 sale are not subject to sales tax. Failure to do so renders
32 a sponsor of the event liable for payment of any sales tax,
33 interest, and penalty due and owing from any retailer selling
34 property or services at the event. [Sections 423.31](#), ~~423.32~~,
35 [423.37](#), [423.38](#), [423.39](#), [423.40](#), [423.41](#), and [423.42](#) apply to the

1 sponsors. For purposes of [this subsection](#), a *“person sponsoring*
2 *a flea market or a craft, antique, coin, or stamp show or similar*
3 *event”* does not include a marketplace facilitator as defined in
4 section 423.14A, subsection 1, an organization which sponsors
5 an event determined to qualify as an event involving casual
6 sales pursuant to [section 423.3, subsection 39](#), or the state
7 fair or a fair as defined in [section 174.1](#).

8 Sec. 16. Section 423.34, Code 2022, is amended to read as
9 follows:

10 **423.34 Liability of user.**

11 Any person who uses any tangible personal property,
12 specified digital products, or services enumerated in section
13 423.2 upon which the use tax has not been paid, either to the
14 county treasurer or to a retailer or direct to the department
15 as required by [this subchapter](#), shall be liable for the payment
16 of tax, and shall on or before the last day of the month next
17 succeeding each ~~quarterly~~ monthly period pay the use tax upon
18 all tangible personal property, specified digital products,
19 or services used by the person during the preceding ~~quarterly~~
20 monthly period in the manner and accompanied by such returns
21 as the director shall prescribe. All of the provisions of
22 sections ~~423.32~~ 423.31 and [423.33](#) with reference to the returns
23 and payments shall be applicable to the returns and payments
24 required by [this section](#).

25 Sec. 17. Section 423.36, subsection 4, paragraph b, Code
26 2022, is amended to read as follows:

27 *b.* If an applicant is making sales outside Iowa for use in
28 this state or furnishing services outside Iowa, the product
29 or result of which will be used in this state, that applicant
30 shall be issued one sales or use tax permit by the department
31 applicable to these out-of-state sales or services.

32 Sec. 18. Section 423.36, subsection 4, Code 2022, is amended
33 by adding the following new paragraph:

34 NEW PARAGRAPH. *c.* If an applicant is required to collect
35 sales or use tax and is not included in the definition of a

1 retailer maintaining a place of business in this state in
2 section 423.1, subsection 48, paragraph "a", subparagraph (1),
3 the applicant shall be issued one sales or use tax permit by
4 the department regardless of the number of locations from which
5 sales are made.

6 Sec. 19. Section 423.36, subsections 7 and 8, Code 2022, are
7 amended to read as follows:

8 7. a. Sellers who are not regularly engaged in selling
9 at retail and do not have a permanent place of business, but
10 who are temporarily engaged in selling from trucks, portable
11 roadside stands, concessionaires at state, county, district,
12 or local fairs, carnivals, or the like, shall report and remit
13 the sales tax on a ~~temporary~~ seasonal basis, under rules
14 the director shall provide for the efficient collection of
15 the sales tax. This subsection applies to sellers who are
16 temporarily engaged in furnishing services.

17 b. Persons engaged in selling tangible personal property,
18 specified digital products, or furnishing services shall not
19 be required to obtain or retain a sales or use tax permit for a
20 place of business at which taxable sales of tangible personal
21 property, specified digital products, or taxable performance of
22 services will not occur.

23 8. The provisions of subsection 1, dealing with the lawful
24 right of a retailer to transact business, as applicable, apply
25 to persons having receipts from furnishing services enumerated
26 in section 423.2, except that a person holding a permit
27 pursuant to subsection 1 shall not be required to obtain any
28 separate sales or use tax permit for the purpose of engaging in
29 business involving the services.

30 Sec. 20. Section 423.40, subsections 1, 2, 3, and 5, Code
31 2022, are amended to read as follows:

32 1. In addition to the sales or use tax or additional sales
33 or use tax, the taxpayer shall pay a penalty as provided in
34 section 421.27. The taxpayer shall also pay interest on the
35 sales or use tax or additional sales or use tax at the rate

1 in effect under [section 421.7](#) for each month counting each
2 fraction of a month as an entire month, computed from the date
3 the ~~semimonthly or monthly tax deposit form~~ or return was
4 required to be filed. The penalty and interest shall be paid
5 to the department and disposed of in the same manner as other
6 receipts under [this subchapter](#). Unpaid penalties and interest
7 may be enforced in the same manner as the taxes imposed by this
8 chapter.

9 2. *a.* Any person who knowingly sells tangible personal
10 property, specified digital products, tickets or admissions
11 to places of amusement and athletic events, or gas, water,
12 electricity, or communication service at retail, or engages in
13 the furnishing of services enumerated in [section 423.2](#), in this
14 state without procuring a permit to collect tax, as provided
15 in [section 423.36](#), or who violates [section 423.24](#) and the
16 officers of any corporation who so act are guilty of a serious
17 misdemeanor.

18 *b.* A person who knowingly sells tangible personal property,
19 specified digital products, tickets or admissions to places of
20 amusement and athletic events, or gas, water, electricity, or
21 communication service at retail, or engages in the furnishing
22 of services enumerated in [section 423.2](#), in this state after
23 the person's sales or use tax permit has been revoked and
24 before it has been restored as provided in [section 423.36](#),
25 subsection 6, and the officers of any corporation who so act
26 are guilty of an aggravated misdemeanor.

27 3. A person who willfully attempts in any manner to evade
28 any tax imposed by [this chapter](#) or the payment of the tax or
29 a person who makes or causes to be made a false or fraudulent
30 ~~semimonthly or monthly tax deposit form~~ or return with intent
31 to evade any tax imposed by [subchapter II](#) or [III](#) or the payment
32 of the tax is guilty of a class "D" felony.

33 5. A person required to pay sales or use tax, or to make,
34 sign, or file a ~~tax deposit form~~ or return or supplemental
35 return, who willfully makes a false or fraudulent ~~tax deposit~~

1 ~~form or~~ return, or willfully fails to pay at least ninety
2 percent of the tax or willfully fails to make, sign, or file
3 the ~~tax deposit form or~~ return, at the time required by law, is
4 guilty of a fraudulent practice.

5 Sec. 21. Section 423.45, subsection 4, paragraph b, Code
6 2022, is amended to read as follows:

7 b. The sales tax liability for all sales of tangible
8 personal property and specified digital products and all sales
9 of services is upon the seller and the purchaser unless the
10 seller takes from the purchaser a valid exemption certificate
11 stating under penalty of perjury that the purchase is for a
12 nontaxable purpose and is not a retail sale as defined in
13 section 423.1, or the seller is not obligated to collect tax
14 due, or unless the seller takes a fuel exemption certificate
15 pursuant to [subsection 5](#). If the tangible personal property,
16 specified digital products, or services are purchased tax free
17 pursuant to a valid exemption certificate and the tangible
18 personal property, specified digital products, or services are
19 used or disposed of by the purchaser in a nonexempt manner, the
20 purchaser is solely liable for the taxes and shall remit the
21 taxes directly to the department and [sections 423.31, 423.32,](#)
22 [423.37, 423.38, 423.39, 423.40, 423.41, and 423.42](#) shall apply
23 to the purchaser.

24 Sec. 22. Section 423.45, subsection 5, paragraph c, Code
25 2022, is amended to read as follows:

26 c. The seller may accept a completed fuel exemption
27 certificate, as prepared by the purchaser, for three
28 years unless the purchaser files a new completed exemption
29 certificate. If the fuel is purchased tax free pursuant to a
30 fuel exemption certificate which is taken by the seller, and
31 the fuel is used or disposed of by the purchaser in a nonexempt
32 manner, the purchaser is solely liable for the taxes, and shall
33 remit the taxes directly to the department and [sections 423.31,](#)
34 [423.32, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42](#)
35 shall apply to the purchaser.

1 Sec. 23. Section 423.50, subsection 1, Code 2022, is amended
2 to read as follows:

3 1. Only one remittance of tax per return is required ~~except~~
4 ~~as provided in this subsection.~~ Sellers that collect more
5 ~~than thirty thousand dollars in sales and use taxes for this~~
6 ~~state during the preceding calendar year shall be required to~~
7 ~~make additional remittances as required under rules adopted by~~
8 ~~the director. The filing of a return is not required with an~~
9 ~~additional remittance.~~

10 Sec. 24. Section 423.57, Code 2022, is amended to read as
11 follows:

12 **423.57 Statutes applicable.**

13 The director shall administer [this subchapter](#) as it relates
14 to the taxes imposed in [this chapter](#) in the same manner and
15 subject to all the provisions of, and all of the powers,
16 duties, authority, and restrictions contained in sections
17 [423.14](#), [423.14A](#), [423.14B](#), [423.15](#), [423.16](#), [423.17](#), [423.19](#),
18 [423.20](#), [423.21](#), [423.22](#), [423.23](#), [423.24](#), [423.25](#), [423.29](#), [423.31](#),
19 ~~[423.32](#)~~, [423.33](#), [423.34](#), [423.34A](#), [423.35](#), [423.37](#), [423.38](#),
20 [423.39](#), [423.40](#), [423.41](#), and [423.42](#), section [423.43](#), subsection
21 [1](#), and [sections 423.45](#), [423.46](#), and [423.47](#).

22 Sec. 25. Section 423.58, Code 2022, is amended to read as
23 follows:

24 **423.58 Collection, permit, and tax return exemption for**
25 **certain out-of-state businesses.**

26 Notwithstanding [sections 423.14](#), [423.14A](#), [423.14B](#), [423.29](#),
27 [423.31](#), ~~[423.32](#)~~, and [423.36](#), a person meeting the requirements
28 of [section 29C.24](#) is not required to obtain a sales or use tax
29 permit, collect and remit sales and use tax, or make and file
30 applicable sales or use tax returns, as provided in section
31 [29C.24](#), subsection 3, paragraph "a", subparagraph (2).

32 Sec. 26. Section 423A.6, subsection 4, Code 2022, is amended
33 to read as follows:

34 4. [Section 422.25](#), subsection 4, [sections 422.30](#), [422.67](#),
35 and [422.68](#), [section 422.69](#), subsection 1, [sections 422.70](#),

1 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
2 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,
3 423.35, 423.37 through 423.42, and 423.47, consistent with the
4 provisions of this chapter, apply with respect to the taxes
5 authorized under this chapter, in the same manner and with the
6 same effect as if the state and local hotel and motel taxes
7 were retail sales taxes within the meaning of those statutes.
8 Notwithstanding this subsection, the director shall provide
9 for ~~quarterly~~ monthly filing of returns and for other than
10 ~~quarterly~~ monthly filing of returns both as prescribed in
11 section 423.31. The director may require all persons who are
12 engaged in the business of deriving any sales price subject
13 to tax under this chapter to register with the department.
14 All taxes collected under this chapter by a retailer, lodging
15 provider, lodging facilitator, lodging platform, or any other
16 person are deemed to be held in trust for the state of Iowa and
17 the local jurisdictions imposing the taxes.

18 Sec. 27. Section 423B.5, subsection 3, Code 2022, is amended
19 to read as follows:

20 3. A tax permit other than the state sales or use tax permit
21 required under section 423.36 shall not be required by local
22 authorities.

23 Sec. 28. Section 423B.6, subsection 2, paragraph c, Code
24 2022, is amended to read as follows:

25 c. Frequency of deposits and ~~quarterly~~ monthly reports of a
26 local sales and services tax with the department of revenue are
27 governed by the tax provisions in section 423.31. Local tax
28 collections shall not be included in computation of the total
29 tax to determine frequency of filing under section 423.31.

30 Sec. 29. Section 423C.4, Code 2022, is amended to read as
31 follows:

32 **423C.4 Administration and enforcement.**

33 All powers and requirements of the director of revenue
34 to administer the state sales tax law under chapter 423 are
35 applicable to the administration of the tax imposed under

1 section 423C.3, including but not limited to section 422.25,
2 subsection 4, sections 422.30, 422.67, and 422.68, section
3 422.69, subsection 1, sections 422.70 through 422.75, section
4 423.14, subsection 1, and sections 423.15, 423.23, 423.24,
5 423.25, 423.31, 423.33, 423.35 and 423.37 through 423.42,
6 423.45, 423.46, and 423.47. However, as an exception to the
7 powers specified in section 423.31, the director shall only
8 require the filing of ~~quarterly~~ monthly reports.

9 Sec. 30. Section 423D.4, subsection 3, Code 2022, is amended
10 to read as follows:

11 3. Section 422.25, subsection 4, sections 422.30, 422.67,
12 and 422.68, section 422.69, subsection 1, sections 422.70,
13 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
14 1, and sections 423.23, 423.24, 423.25, 423.31 through
15 423.35, 423.37 through 423.42, and 423.47, consistent with
16 the provisions of this chapter, apply with respect to the tax
17 authorized under this chapter, in the same manner and with the
18 same effect as if the excise taxes on equipment sales or use
19 were retail sales taxes within the meaning of those statutes.
20 Notwithstanding this subsection, the director shall provide
21 for ~~quarterly~~ monthly filing of returns and for other than
22 ~~quarterly~~ monthly filing of returns both as prescribed in
23 section 423.31. All taxes collected under this chapter by a
24 retailer or any user are deemed to be held in trust for the
25 state of Iowa.

26 Sec. 31. Section 423G.5, subsection 3, Code 2022, is amended
27 to read as follows:

28 3. Section 422.25, subsection 4, sections 422.30, 422.67,
29 and 422.68, section 422.69, subsection 1, sections 422.70,
30 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
31 1, and sections 423.23, 423.24, 423.25, 423.31 through
32 423.35, 423.37 through 423.42, and 423.47, consistent with the
33 provisions of this chapter, shall apply with respect to the tax
34 authorized under this chapter, in the same manner and with the
35 same effect as if the excise taxes on the sale or furnishing of

1 a water service were retail sales taxes within the meaning of
2 those statutes. Notwithstanding **this subsection**, the director
3 shall provide for ~~quarterly~~ monthly filing of returns and
4 for other than ~~quarterly~~ monthly filing of returns both as
5 prescribed in **section 423.31**. All taxes collected under this
6 chapter by a retailer or any user are deemed to be held in trust
7 for the state of Iowa.

8 Sec. 32. Section 728.1, subsection 6, Code 2022, is amended
9 to read as follows:

10 6. "*Place of business*" means the premises of a business
11 required to obtain a sales or use tax permit pursuant to
12 chapter 423, the premises of a nonprofit or not-for-profit
13 organization, and the premises of an establishment which is
14 open to the public at large or where entrance is limited by a
15 cover charge or membership requirement.

16 Sec. 33. Section 728.5, subsection 1, unnumbered paragraph
17 1, Code 2022, is amended to read as follows:

18 An owner, manager, or person who exercises direct control
19 over a place of business required to obtain a sales or use tax
20 permit shall be guilty of a serious misdemeanor under any of
21 the following circumstances:

22 Sec. 34. REPEAL. Section 423.32, Code 2022, is repealed.

23 DIVISION II

24 DISTRIBUTIONS OF REVENUE TO LOCAL GOVERNMENTS AND SCHOOL
25 DISTRICTS

26 Sec. 35. Section 423B.7, subsection 2, paragraph a, Code
27 2022, is amended to read as follows:

28 a. The director of revenue by ~~August 15 of each fiscal~~
29 year the last day of each month shall ~~send~~ transfer to each
30 city or county where the local option tax is imposed, ~~an~~
31 ~~estimate of the amount of tax moneys remitted to the department~~
32 attributable to each city or county will receive for the year
33 and for each month of the year from the preceding month. ~~At the~~
34 ~~end of each month, the director may revise the estimates for~~
35 ~~the year and remaining months.~~

1 Sec. 36. Section 423B.7, subsection 2, paragraphs b and c,
2 Code 2022, are amended by striking the paragraphs.

3 Sec. 37. Section 423F.2, subsection 4, paragraph a, Code
4 2022, is amended to read as follows:

5 a. The director of revenue by ~~August 15 of each fiscal year~~
6 the last day of each month shall ~~send~~ transfer to each school
7 district ~~an estimate of the amount of tax moneys remitted~~
8 to the department attributable to each school district will
9 ~~receive for the year and for each month of the year from the~~
10 preceding month. ~~At the end of each month, the director may~~
11 ~~revise the estimates for the year and remaining months.~~

12 Sec. 38. Section 423F.2, subsection 4, paragraphs b and c,
13 Code 2022, are amended by striking the paragraphs.

14 Sec. 39. TRANSITION PROVISION FOR LOCAL OPTION SALES TAX
15 AND SECURING AN ADVANCED VISION FOR EDUCATION — TRANSFER
16 AMOUNTS. Notwithstanding any other provision of law to the
17 contrary, the department of revenue shall estimate monthly
18 local option sales tax and securing an advanced vision for
19 education transfer amounts through the end of the 2022 calendar
20 year. The department of revenue shall transfer estimated
21 amounts to each local government or school district for the
22 months of July, August, and September 2022. Beginning with the
23 October 2022 transfer, the department shall not use estimated
24 amounts and shall transfer the amount of tax attributable to
25 each local government or school district for the tax remitted
26 in September 2022. Any adjustment amount that is necessary to
27 the July, August, or September 2022 estimated transfer amount
28 to reflect the accurate attributable amount shall be made by
29 the department of revenue or the local government or school
30 district by the close of business on December 30, 2022.

31 DIVISION III

32 LIABILITY OF SELLERS USING CERTIFIED SERVICE PROVIDER

33 Sec. 40. Section 423.48, subsection 3, paragraph a, Code
34 2022, is amended to read as follows:

35 a. A model 1 seller's obligation to calculate, collect, and

1 remit sales and use taxes shall be performed by its certified
2 service provider, except for the seller's obligation to remit
3 tax on its own purchases. As the seller's agent, the certified
4 service provider is liable for its model 1 seller's sales
5 and use tax due Iowa on all sales transactions it processes
6 for the seller except as set out in this section. A seller
7 that contracts with a certified service provider is not
8 liable to the state for sales or use tax due on transactions
9 processed by the certified service provider unless the seller
10 ~~misrepresents the types of items or services it sells or~~
11 ~~commits fraud~~ certified service provider establishes that
12 the certified service provider is not liable in accordance
13 with the agreement. In the absence of ~~probable cause to~~
14 ~~believe that the seller has committed fraud or made a material~~
15 ~~misrepresentation~~ liability relief established by the certified
16 service provider, the seller is not subject to audit on the
17 transactions processed by the certified service provider.
18 A model 1 seller is subject to audit for transactions not
19 processed by the certified service provider. The director is
20 authorized to perform a system check of the model 1 seller and
21 review the seller's procedures to determine if the certified
22 service provider's system is functioning properly and the
23 extent to which the seller's transactions are being processed
24 by the certified service provider.

25 DIVISION IV

26 AUTHORITY TO CANCEL VARIOUS PERMITS ISSUED BY THE DEPARTMENT

27 Sec. 41. Section 421.17, Code 2022, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 37. Notwithstanding any other provision
30 of law to the contrary, to cancel the following permits upon
31 verification by the department of revenue the permits are no
32 longer in use: income tax withholding, sales or use tax, or
33 motor fuel tax.

34 DIVISION V

35 ECONOMIC DEVELOPMENT AUTHORITY SALES AND USE TAX REFUND

INCENTIVES

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Sec. 42. Section 15.331A, subsection 2, Code 2022, is amended to read as follows:

2. To receive the refund, a claim shall be filed by the eligible business with the department of revenue as follows:

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

b. The eligible business shall, ~~not more than one year after project~~ contract completion, make application to the department of revenue for any refund of the amount of the sales and use taxes paid pursuant to [chapter 423](#) upon any tangible personal property, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services. The application shall be made in the manner and upon forms to be provided by the department of revenue, and the department of revenue shall audit the claim and, if approved, issue a warrant to the eligible business in the amount of the sales or use tax which has been paid to the state of Iowa under a contract. The application must be made within one year after the project completion date. A claim filed by the eligible business in accordance with [this section](#) shall not be denied by reason of a limitation provision set forth in [chapter 421](#) or [423](#).

c. The eligible business shall inform the department of revenue in writing after ~~project~~ contract completion. ~~For purposes of this section, "project completion" means the first date upon which the average annualized production of finished product for the preceding ninety-day period at the manufacturing facility operated by the eligible business is at least fifty percent of the initial design capacity of the~~

1 ~~facility.~~

2 Sec. 43. Section 15.331A, Code 2022, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 4. For purposes of this section, “*contract*
5 *completion*” means the date of completion of a written contract
6 relating to the construction or equipping of the facility that
7 is part of the project of the eligible business.

8 Sec. 44. Section 15.331C, subsections 1 and 2, Code 2022,
9 are amended to read as follows:

10 1. ~~An~~ In lieu of the sales and use tax refund provided
11 in section 15.331A, an eligible business may claim a tax
12 credit in an amount equal to the sales and use taxes paid by a
13 third-party developer under [chapter 423](#) for gas, electricity,
14 water, or sewer utility services, goods, wares, or merchandise,
15 or on services rendered, furnished, or performed to or for a
16 contractor or subcontractor and used in the fulfillment of a
17 written contract relating to the construction or equipping of
18 a facility of the eligible business. Taxes attributable to
19 intangible property and furniture and furnishings shall not
20 be included, but taxes attributable to racks, shelving, and
21 conveyor equipment to be used in a warehouse or distribution
22 center shall be included. Any credit in excess of the tax
23 liability for the tax year may be credited to the tax liability
24 for the following seven years or until depleted, whichever
25 occurs earlier. An eligible business may elect to receive a
26 refund of all or a portion of an unused tax credit.

27 2. A third-party developer shall state under oath, on
28 forms provided by the department of revenue, the amount of
29 taxes paid as described in [subsection 1](#) and shall submit such
30 forms to the department of revenue. The taxes paid shall be
31 itemized to allow identification of the taxes attributable
32 to racks, shelving, and conveyor equipment to be used in a
33 warehouse or distribution center. The eligible business
34 shall make application to the department of revenue in the
35 manner and form prescribed by the department of revenue, and

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

1 Sec. 45. Section 15.355, subsection 2, Code 2022, is amended
2 by striking the subsection and inserting in lieu thereof the
3 following:

4 2. a. A housing business may claim a refund of the sales
5 and use taxes paid under chapter 423 prior to the completion
6 of the housing project that are directly related to a housing
7 project and specified in the agreement.

8 b. To receive a refund, a claim shall be filed by the
9 housing business with the department of revenue as follows:

10 (1) The contractor or subcontractor shall state under oath,
11 on forms provided by the department of revenue, the amount
12 of sales and use taxes paid under chapter 423 prior to the
13 completion of the housing project that are directly related to
14 a housing project and specified in the agreement.

15 (2) The contractor or subcontractor shall file the forms
16 with the housing business before final settlement is made.

17 (3) (a) The housing business shall, after the agreement
18 completion date, make application to the department of revenue
19 for any refund of the amount of sales and use taxes paid under
20 chapter 423 prior to the completion of the housing project that
21 were directly related to a housing project and specified in the
22 agreement. The application shall be made in the manner and
23 upon forms to be provided by the department of revenue. The
24 department of revenue shall audit the claim and, if approved,
25 issue a warrant to the housing business. The application
26 must be made within one year after the agreement completion
27 date. A claim filed by the housing business in accordance with
28 this subsection shall not be denied by reason of a limitation
29 provision set forth in chapter 421 or 423.

30 (b) For purposes of this subparagraph, "*agreement completion*
31 *date*" means the date on which the authority notifies the
32 department of revenue that all applicable requirements of the
33 agreement entered into pursuant to section 15.354, subsection
34 3, paragraph "a", and all applicable requirements of this part,
35 including the rules the authority and the department of revenue

1 adopt pursuant to section 15.356, are satisfied.

2 c. A contractor or subcontractor who willfully makes a
3 false claim under oath in violation of the provisions of this
4 subsection shall be guilty of a simple misdemeanor and in
5 addition to any other penalty, the contractor or subcontractor
6 shall be liable for the payment of the tax and any applicable
7 penalty and interest.

8 Sec. 46. EFFECTIVE DATE. This division of this Act, being
9 deemed of immediate importance, takes effect upon enactment.

10 Sec. 47. APPLICABILITY. This division of this Act applies
11 to claims for refunds filed on or after the effective date of
12 this division of this Act.

13 DIVISION VI

14 MOTOR FUEL REPORTING REQUIREMENT — PENALTY

15 Sec. 48. Section 452A.33, subsection 1, paragraph c, Code
16 2022, is amended to read as follows:

17 c. (1) The retail dealer shall prepare and ~~submit~~ file
18 the report with the department in a manner and according to
19 procedures required by the department in compliance with
20 section 452A.61. However, the department may require that the
21 retail dealer file the report with the department by electronic
22 transmission. The department may require that retail dealers
23 report to the department on an annual, quarterly, or monthly
24 basis. The department, upon application by a retail dealer,
25 may grant a reasonable extension of time to file the report.

26 (2) If a retail dealer fails to file the report as required
27 by this section or fails to maintain records required to file
28 the report the department may impose a civil penalty of not
29 more than one hundred dollars per occurrence in addition to any
30 other penalty provided by law. The penalty amount shall be
31 deposited into the general fund of the state.

32 DIVISION VII

33 MOTOR FUEL TAX TERMINOLOGY MODIFICATIONS

34 Sec. 49. Section 312.1, subsection 1, paragraph b, Code
35 2022, is amended to read as follows:

1 **b.** All the net proceeds of the motor fuel tax or ~~license~~
2 permit fees under [chapter 452A](#).

3 Sec. 50. Section 452A.2, subsections 15, 26, 27, 28, 38, and
4 46, Code 2022, are amended to read as follows:

5 15. *"Eligible purchaser"* means a distributor of motor
6 fuel or special fuel or an end user of special fuel who has
7 purchased a minimum of two hundred forty thousand gallons of
8 special fuel each year in the preceding two years. Eligible
9 purchasers who elect to make delayed payments to a ~~licensed~~
10 permitted supplier shall use electronic funds transfer.

11 Additional requirements for qualifying as an eligible purchaser
12 shall be established by rule.

13 26. *"~~Licensed Permitted~~ compressed natural gas, liquefied*
14 *natural gas, liquefied petroleum gas, and hydrogen dealer"*
15 means a person in the business of handling untaxed compressed
16 natural gas, liquefied natural gas, liquefied petroleum gas, or
17 hydrogen who delivers any part of the fuel into a fuel supply
18 tank of any motor vehicle.

19 27. *"~~Licensed Permitted~~ compressed natural gas, liquefied*
20 *natural gas, liquefied petroleum gas, and hydrogen user"* means
21 a person ~~licensed~~ permitted by the department who dispenses
22 compressed natural gas, liquefied natural gas, liquefied
23 petroleum gas, or hydrogen, upon which the special fuel tax has
24 not been previously paid, for highway use from fuel sources
25 owned and controlled by the person into the fuel supply tank
26 of a motor vehicle, or commercial vehicle owned or controlled
27 by the person.

28 28. *"~~Licensee Permit holder~~"* means a person holding an
29 uncanceled supplier's, restrictive supplier's, importer's,
30 exporter's, dealer's, user's, or blender's ~~license~~ permit
31 issued by the department under [this subchapter](#) or any prior
32 motor fuel tax law or any other person who possesses fuel for
33 which the tax has not been paid.

34 38. *"Restrictive supplier"* means a person who imports motor
35 fuel or undyed special fuel into this state in tank wagons or

1 in small tanks not otherwise ~~licensed~~ permitted as an importer.

2 46. "Use", with respect to liquefied petroleum gas, means
3 the receipt, delivery, or placing of liquefied petroleum gas
4 by a ~~licensed~~ permitted liquefied petroleum gas user into a
5 fuel supply tank of a motor vehicle while the vehicle is in the
6 state. With respect to natural gas used as a special fuel,
7 "use" means the receipt, delivery, or placing of the natural gas
8 into equipment for compressing the gas for subsequent delivery
9 into the fuel supply tank of a motor vehicle while the vehicle
10 is in the state. With respect to hydrogen used as a special
11 fuel, "use" means the receipt, delivery, or placing of hydrogen
12 by a ~~licensed~~ permitted hydrogen user into a fuel supply tank
13 of a motor vehicle while the vehicle is in the state.

14 Sec. 51. Section 452A.3, subsection 8, paragraph a,
15 subparagraphs (2) and (5), Code 2022, are amended to read as
16 follows:

17 (2) Tax shall not be paid when the sale of alcohol occurs
18 within a terminal from an alcohol manufacturer to an Iowa
19 ~~licensed~~ permitted supplier. The tax shall be paid by the Iowa
20 ~~licensed~~ permitted supplier when the invoiced gross gallonage
21 of the alcohol or the alcohol part of ethanol blended gasoline
22 is withdrawn from a terminal for delivery in this state.

23 (5) Any other person who possesses taxable fuel upon which
24 the tax has not been paid to a ~~licensee~~ permit holder.

25 Sec. 52. Section 452A.4, Code 2022, is amended to read as
26 follows:

27 **452A.4 Supplier's, restrictive supplier's, importer's,
28 exporter's, dealer's, and user's license permit.**

29 1. It shall be unlawful for any person to sell motor fuel or
30 undyed special fuel within this state or to otherwise act as
31 a supplier, restrictive supplier, importer, exporter, dealer,
32 or user unless the person holds an uncanceled license permit
33 issued by the department. To procure a license permit, a
34 supplier, restrictive supplier, importer, exporter, dealer, or
35 user shall file with the department an application signed under

1 penalty for false certificate setting forth and complying with
2 all of the following:

3 *a.* The name under which the licensee permit holder will
4 transact business in this state.

5 *b.* The location, with street number address, of the
6 principal office or place of business of the licensee permit
7 holder within this state.

8 *c.* The name and complete residence address of the owner
9 or the names and addresses of the partners, if the licensee
10 permit holder is a partnership, or the names and addresses of
11 the principal officers, if the licensee permit holder is a
12 corporation or association.

13 *d.* A dealer's or user's license permit shall be required for
14 each separate place of business or location where compressed
15 natural gas, liquefied natural gas, liquefied petroleum gas, or
16 hydrogen is delivered or placed into the fuel supply tank of a
17 motor vehicle.

18 *e.* An applicant for an exporter's license permit shall
19 provide verification as required by the department that the
20 applicant has the appropriate license permit valid in the state
21 or states into which the motor fuel or undyed special fuel will
22 be exported.

23 2. *a.* The department may deny the issuance of a license
24 permit to an applicant who is substantially delinquent in
25 the payment of a tax due, or the interest or penalty on the
26 tax, administered by the department. If the applicant is a
27 partnership, a license permit may be denied if a partner owes
28 any delinquent tax, interest, or penalty. If the applicant is
29 a corporation, a license permit may be denied if any officer
30 having a substantial legal or equitable interest in the
31 ownership of the corporation owes any delinquent tax, interest,
32 or penalty of the applicant corporation.

33 *b.* The department may deny the issuance of a license permit
34 if an application for a license permit to transact business as
35 a supplier, restrictive supplier, importer, exporter, dealer,

1 or user in this state is filed by a person whose license permit
2 or registration has been canceled for cause at any time under
3 the provisions of **this chapter** or any prior motor fuel tax law,
4 if the department has reason to believe that the application is
5 not filed in good faith, or if the application is filed by some
6 person as a subterfuge for the real person in interest whose
7 license permit or registration has been canceled for cause
8 under the provisions of **this chapter** or any prior motor fuel
9 tax law. The applicant shall be given fifteen days' notice in
10 writing of the date of the hearing and shall have the right to
11 appear in person or by counsel and present testimony.

12 3. a. The application in proper form having been accepted
13 for filing, and the other conditions and requirements of
14 this section and **subchapter IV** having been complied with,
15 the department shall issue to the applicant a license permit
16 to transact business as a supplier, restrictive supplier,
17 importer, exporter, dealer, or user in this state. The license
18 permit shall remain in full force and effect until canceled as
19 provided in **this chapter**.

20 b. The license permit shall not be assignable and shall be
21 valid only for the licensee permit holder in whose name it is
22 issued.

23 c. The department shall keep and file all applications and
24 bonds and a record of all licensees permit holders.

25 Sec. 53. Section 452A.6, Code 2022, is amended to read as
26 follows:

27 **452A.6 Ethanol blended gasoline and other products —**
28 **blender's license permit.**

29 1. a. A person other than a supplier, restrictive supplier,
30 or importer ~~licensed~~ permitted under **this subchapter**, who
31 blends gasoline with ethanol as defined in **section 214A.1** in
32 order to formulate ethanol blended gasoline, shall obtain a
33 blender's license permit.

34 b. A person who blends two or more special fuel products
35 or sells one hundred percent biofuel shall obtain a blender's

1 license permit.

2 2. A blender's license permit shall be obtained by following
3 the procedure under [section 452A.4](#) and the blender's license
4 permit is subject to the same restrictions as contained in that
5 section.

6 3. A blender required to obtain a license permit pursuant
7 to [this section](#) shall maintain records as required by section
8 452A.10 as to motor fuel, ethanol, ethanol blended gasoline,
9 and special fuels.

10 Sec. 54. Section 452A.6A, subsection 3, paragraph b, Code
11 2022, is amended to read as follows:

12 *b.* Affect the blender's license permit requirements under
13 section 452A.6.

14 Sec. 55. Section 452A.7, Code 2022, is amended to read as
15 follows:

16 **452A.7 Foreign suppliers.**

17 The director, upon application, may authorize the
18 collection and reporting of the tax by any supplier not having
19 jurisdictional connections with this state. A foreign supplier
20 shall be issued a license permit to collect and report the tax
21 and shall be subject to the same regulations and requirements
22 as suppliers having a jurisdictional connection with the state,
23 or other regulations and agreements as prescribed by the
24 director.

25 Sec. 56. Section 452A.8, subsection 1, paragraph a, Code
26 2022, is amended to read as follows:

27 *a.* A statement of the number of invoiced gallons of motor
28 fuel and undyed special fuel withdrawn from the terminal by the
29 licensee permit holder within this state during the preceding
30 calendar month in such detail as determined by the department.
31 This includes on-site blending reports at the terminal.

32 Sec. 57. Section 452A.8, subsection 2, paragraph a,
33 unnumbered paragraph 1, Code 2022, is amended to read as
34 follows:

35 From the total number of invoiced gallons of motor fuel

1 or undyed special fuel withdrawn from the terminal by the
2 licensee permit holder during the preceding calendar month or
3 semimonthly period the following deductions shall be made:

4 Sec. 58. Section 452A.8, subsection 2, paragraph a,
5 subparagraph (1), Code 2022, is amended to read as follows:

6 (1) The gallonage of motor fuel or undyed special fuel
7 withdrawn from a terminal by a licensee permit holder and
8 exported outside Iowa.

9 Sec. 59. Section 452A.8, subsection 2, paragraph c, Code
10 2022, is amended to read as follows:

11 c. The tax due under paragraph "b" shall be the amount
12 of fuel tax due from the supplier, restrictive supplier, or
13 importer for the preceding reporting period. The director
14 may require by rule that the payment of taxes by suppliers,
15 restrictive suppliers, and importers be made by electronic
16 funds transfer. The director may allow a tax float by rule
17 where the eligible purchaser is not required to pay the tax
18 to the supplier until one business day prior to the date the
19 tax is due. A ~~licensed~~ permitted supplier who is unable to
20 recover the tax from an eligible purchaser is not liable for
21 the tax, upon proper documentation, and may credit the amount
22 of unpaid tax against a later remittance of tax. Under this
23 provision, a supplier does not qualify for a credit if the
24 purchaser did not elect to use the eligible purchaser status,
25 or otherwise does not qualify to be an eligible purchaser. To
26 qualify for the credit, the supplier must notify the department
27 of the uncollectible account no later than ten calendar days
28 after the due date for payment of the tax. If a supplier
29 sells additional motor fuel or undyed special fuel to a
30 delinquent eligible purchaser after notifying the department
31 that the supplier has an uncollectible debt with that eligible
32 purchaser, the limited liability provision does not apply to
33 the additional fuel. The supplier is liable for tax collected
34 from the purchaser.

35 Sec. 60. Section 452A.8, subsection 2, paragraph e,

1 subparagraphs (1), (2), (3), and (4), Code 2022, are amended
2 to read as follows:

3 (1) For purposes of this paragraph "e", "dealer" or "user"
4 means a ~~licensed~~ permitted compressed natural gas, liquefied
5 natural gas, liquefied petroleum gas, and hydrogen dealer or
6 user and "fuel" means compressed natural gas, liquefied natural
7 gas, liquefied petroleum gas, or hydrogen.

8 (2) The tax for compressed natural gas, liquefied natural
9 gas, liquefied petroleum gas, and hydrogen delivered by a
10 ~~licensed~~ permitted dealer for use in this state shall attach at
11 the time of the delivery and shall be collected by the dealer
12 from the purchaser and paid to the department as provided in
13 this chapter. The tax, with respect to compressed natural gas,
14 liquefied natural gas, liquefied petroleum gas, and hydrogen
15 acquired by a purchaser in any manner other than by delivery by
16 a ~~licensed~~ permitted dealer into a fuel supply tank of a motor
17 vehicle, attaches at the time of the use of the fuel and shall
18 be paid over to the department by the purchaser as provided in
19 this chapter.

20 (3) The department shall adopt rules governing the
21 dispensing of compressed natural gas, liquefied natural
22 gas, liquefied petroleum gas, and hydrogen by ~~licensed~~
23 permitted dealers and ~~licensed~~ permitted users. The director
24 may require by rule that reports and returns be filed by
25 electronic transmission. The department shall require that
26 all pumps located at dealer locations and user locations
27 through which liquefied petroleum gas can be dispensed shall
28 be metered, inspected, tested for accuracy, and sealed and
29 ~~licensed~~ permitted by the department of agriculture and land
30 stewardship, and that fuel delivered into the fuel supply tank
31 of any motor vehicle shall be dispensed only through tested
32 metered pumps and may be sold without temperature correction
33 or corrected to a temperature of 60 degrees Fahrenheit. If
34 the metered gallonage is to be temperature-corrected, only
35 a temperature-compensated meter shall be used. Natural gas

1 used as fuel shall be delivered into compressing equipment
2 through sealed meters certified for accuracy by the department
3 of agriculture and land stewardship. Hydrogen used as fuel
4 shall be delivered into the fuel supply tank of any motor
5 vehicle through sealed meters certified for accuracy by the
6 department of agriculture and land stewardship. The department
7 of agriculture and land stewardship may adopt rules pursuant
8 to [chapter 17A](#) relating to the certification and accuracy of
9 meters used to deliver hydrogen.

10 (4) (a) All gallonage which is not for highway use,
11 dispensed through metered pumps as ~~licensed~~ permitted under
12 this section on which fuel tax is not collected, must be
13 substantiated by exemption certificates as provided by the
14 department or by valid exemption certificates provided by
15 the dealers, signed by the purchaser, and retained by the
16 dealer. A "*valid exemption certificate provided by a dealer*"
17 is an exemption certificate which is in the form prescribed by
18 the director to assist a dealer to properly account for fuel
19 dispensed for which tax is not collected and which is complete
20 and correct according to the requirements of the director.

21 (b) For the privilege of purchasing liquefied petroleum
22 gas, dispensed through ~~licensed~~ permitted metered pumps, on a
23 basis exempt from the tax, the purchaser shall sign exemption
24 certificates for the gallonage claimed which is not for highway
25 use.

26 (c) The department shall disallow all sales of gallonage
27 which is not for highway use unless proof is established by the
28 certificate. Exemption certificates shall be retained by the
29 dealer for a period of three years.

30 Sec. 61. Section 452A.8, subsections 3 and 4, Code 2022, are
31 amended to read as follows:

32 3. For the purpose of determining the amount of the tax
33 liability on alcohol blended to produce ethanol blended
34 gasoline or a blend of special fuel products, each ~~licensed~~
35 permitted blender shall, not later than the last day of each

1 month following the month in which the blending is done, file
2 with the department a monthly return, signed under penalty for
3 false certificate, containing information required by rules
4 adopted by the director. The director may require by rule that
5 reports and returns be filed by electronic transmission.

6 4. A person who possesses fuel or uses fuel in a motor
7 vehicle upon which no tax has been paid by a licensee permit
8 holder in this state is subject to reporting and paying the
9 applicable tax. The director may require by rule that reports
10 and returns be filed by electronic transmission.

11 Sec. 62. Section 452A.9, Code 2022, is amended to read as
12 follows:

13 **452A.9 Returns from persons not licensed permitted as**
14 **suppliers, restrictive suppliers, importers, or blenders.**

15 Every person other than a licensed permitted supplier,
16 restrictive supplier, importer, or blender, who purchases,
17 brings into this state, or otherwise acquires within this state
18 motor fuel or undyed special fuel, not otherwise exempted,
19 which the person has knowingly not paid or incurred liability
20 to pay either to a licensee permit holder or to a dealer
21 the motor fuel or special fuel tax, shall be subject to
22 the provisions of **this subchapter** that apply to suppliers,
23 restrictive suppliers, importers, and blenders of motor fuel or
24 undyed special fuel and shall file the same returns and make
25 the same tax payments and be subject to the same penalties
26 for delinquent filing or nonfiling or delinquent payment or
27 nonpayment as apply to suppliers, restrictive suppliers,
28 importers, and blenders.

29 Sec. 63. Section 452A.12, subsection 1, Code 2022, is
30 amended to read as follows:

31 1. A serially numbered manifest shall be carried on
32 every vehicle, except small tank wagons, while in use in
33 transportation service, on which shall be entered the following
34 information as to the cargo of motor fuel or special fuel being
35 moved in the vehicle: The date and place of loading, the place

1 to be unloaded, the person for whom it is to be delivered,
2 the nature and kind of product, the amount of product, and
3 other information required by the department. The manifest
4 for small tank wagons shall be retained at the home office.
5 The manifest covering each load transported, upon consummation
6 of the delivery, shall be completed by showing the date and
7 place of actual delivery and the person to whom actually
8 delivered and shall be kept as a permanent record for a period
9 of three years. However, the record of the manifest of past
10 cargoes need not be carried on the conveyance but shall be
11 preserved by the carrier for inspection by the department. A
12 carrier subject to [this subsection](#) when distributing for a
13 licensee permit holder may with the approval of the department
14 substitute the loading and delivery evidence required in
15 subsection 2 for the manifest.

16 Sec. 64. Section 452A.15, subsection 1, paragraph c, Code
17 2022, is amended to read as follows:

18 c. If a person required under [this section](#) to file
19 transportation reports is a licensee permit holder under
20 this subchapter and if the information required in the
21 transportation report is contained in any other report rendered
22 by the person under [this subchapter](#), a separate transportation
23 report of that information shall not be required.

24 Sec. 65. Section 452A.21, subsection 1, Code 2022, is
25 amended to read as follows:

26 1. Persons not ~~licensed~~ permitted under [this subchapter](#)
27 who blend motor fuel and alcohol to produce ethanol blended
28 gasoline may file for a refund for the difference between taxes
29 paid on the motor fuel purchased to produce ethanol blended
30 gasoline and the tax due on the ethanol blended gasoline
31 blended. If, during any month, a person ~~licensed~~ permitted
32 under [this subchapter](#) uses tax paid motor fuel to blend ethanol
33 blended gasoline and the refund otherwise due under this
34 section is greater than the ~~licensee's~~ total tax liability of
35 the permit holder for that month, the licensee permit holder is

1 entitled to a credit. The claim for credit shall be filed as
2 part of the return required by [section 452A.8](#).

3 Sec. 66. Section 452A.22, Code 2022, is amended to read as
4 follows:

5 **452A.22 Tax collected on exempt fuel.**

6 If an amount of tax represented by a licensee permit
7 holder to a purchaser as constituting tax due is computed
8 upon gallonage that is not taxable or the amount represented
9 is in excess of the actual amount of tax due and the amount
10 represented is actually paid by the purchaser to the licensee
11 permit holder, the excess amount of tax paid shall be returned
12 to the purchaser by the licensee permit holder. If the
13 licensee permit holder fails to return the excess tax paid to
14 the purchaser, the amount which the purchaser has paid to the
15 licensee permit holder shall be remitted by the licensee permit
16 holder to the department.

17 Sec. 67. Section 452A.52, subsection 2, Code 2022, is
18 amended to read as follows:

19 2. Any person who is unable to display either of the permits
20 or the license permit provided in [section 452A.53](#) and brings
21 into the state in the fuel supply tanks of a commercial motor
22 vehicle more than thirty gallons of motor fuel or special fuel
23 in violation of [subsection 1](#) commits a simple misdemeanor
24 punishable as a scheduled violation under section 805.8A,
25 subsection 13, paragraph "c".

26 Sec. 68. Section 452A.53, Code 2022, is amended to read as
27 follows:

28 **452A.53 Permit ~~or license~~.**

29 1. The advance arrangements referred to in [section 452A.52](#)
30 shall include the procuring of a permanent international fuel
31 tax agreement permit ~~or license~~ or single-trip interstate
32 permit.

33 2. Persons choosing not to make advance arrangements with
34 the state department of transportation by procuring a permit ~~or~~
35 license are not relieved of their responsibility to purchase

1 motor fuel and special fuel commensurate with their use of the
2 state's highway system. When there is reasonable cause to
3 believe that there is evasion of the fuel tax on commercial
4 motor vehicles, the state department of transportation may
5 audit persons not holding a permit ~~or license~~. Audits shall
6 be conducted pursuant to [section 452A.55](#) and in accordance
7 with international fuel tax agreement guidelines. The state
8 department of transportation shall collect all taxes due and
9 refund any overpayment.

10 3. A permanent international fuel tax agreement permit
11 ~~or license~~ may be obtained upon application to the state
12 department of transportation. A fee of ten dollars shall be
13 charged for each permit ~~or license~~ issued. The holder of
14 a permanent permit ~~or license~~ shall have the privilege of
15 bringing into this state in the fuel supply tanks of commercial
16 motor vehicles any amount of motor fuel or special fuel to be
17 used in the operation of the vehicles and for that privilege
18 shall pay Iowa motor fuel or special fuel taxes as provided in
19 section 452A.54.

20 4. A single-trip interstate permit may be obtained from the
21 state department of transportation. A fee of twenty dollars
22 shall be charged for each individual single-trip interstate
23 permit issued. A single-trip interstate permit is subject to
24 the following provisions and limitations:

25 a. The permit shall be issued and be valid for seventy-two
26 consecutive hours, except in emergencies, or until the time of
27 leaving the state, whichever first occurs.

28 b. The permit shall cover only one commercial motor vehicle
29 and is not transferable.

30 c. Single-trip interstate fuel permits may be made available
31 from sources other than indicated in [this section](#) at the
32 discretion of the state department of transportation.

33 5. Each vehicle operated into or through Iowa in interstate
34 operations using motor fuel or special fuel acquired in any
35 other state shall carry in or on the vehicle a duplicate or

1 evidence of the permit ~~or license~~ required in [this section](#).

2 A fee not to exceed fifty cents shall be charged for each
3 duplicate or other evidence of a permit ~~or license~~ issued.

4 Sec. 69. Section 452A.54, subsections 2, 4, and 5, Code
5 2022, are amended to read as follows:

6 2. Notwithstanding any provision of [this chapter](#) to the
7 contrary, except as provided in [this section](#), the holder of a
8 permanent international fuel tax agreement permit ~~or license~~
9 may make application to the state department of transportation
10 for a refund, not later than the last day of the third month
11 following the quarter in which the overpayment of Iowa
12 fuel tax paid on excess purchases of motor fuel or special
13 fuel was reported as provided in [section 452A.8](#), and which
14 application is supported by such proof as the state department
15 of transportation may require. The state department of
16 transportation shall refund Iowa fuel tax paid on motor fuel or
17 special fuel purchased in excess of the amount consumed by such
18 commercial motor vehicles in their operation on the highways
19 of this state.

20 4. To determine the amount of fuel taxes due under this
21 subchapter and to prevent the evasion thereof, the state
22 department of transportation shall require a quarterly report
23 on forms prescribed by the state department of transportation.
24 It shall be filed not later than the last day of the month
25 following the quarter reported, and each quarter thereafter.
26 These reports shall be required of all persons who have been
27 issued a permit ~~or license~~ under [this subchapter](#) and shall
28 cover actual operation and fuel consumption in Iowa on the
29 basis of the permit ~~or license~~ holder's average consumption
30 of fuel in Iowa, determined by the total miles traveled and
31 the total fuel purchased and consumed for highway use by the
32 permittee's or licensee's permit holder's commercial motor
33 vehicles in the permittee's or licensee's entire operation
34 of the permit holder in all states to establish an overall
35 miles per gallon ratio, which ratio shall be used to compute

1 the gallons used for the miles traveled in Iowa. Failure
2 to receive a quarterly report or fuel credentials by mail,
3 facsimile transmission, or any other means of delivery does not
4 relieve a person from the person's fuel tax liability or from
5 the requirement to display current fuel credentials.

6 5. Subject to compliance with rules adopted by the
7 department, annual reporting may be permitted in lieu of
8 quarterly reporting. A ~~licensee permitted~~ permit holder
9 allowed to report annually shall maintain records in compliance
10 with [this chapter](#).

11 Sec. 70. Section 452A.55, subsection 2, Code 2022, is
12 amended to read as follows:

13 2. The state department of transportation, within a period
14 of one year from the issuance of a permanent international fuel
15 tax agreement fuel permit ~~or license~~, may audit the records
16 of the ~~permittee or licensee~~ permit holder for the two years
17 preceding the issuance of the permit ~~or license~~. The state
18 department of transportation shall collect all taxes due ~~had~~
19 ~~the permittee or licensee been licensed~~ as if the permit holder
20 had held a permit for the two years prior to the issuance of
21 the permit ~~or license~~ and shall refund any overpayment pursuant
22 to [section 452A.54](#). When, as a result of an audit, fuel taxes
23 unpaid and due the state of Iowa exceed five hundred dollars,
24 the audit shall be at the expense of the person whose records
25 are being audited. However, if an audit of records maintained
26 under [this section](#) is made outside the state of Iowa in a
27 state which requires payment of the costs for similar audits
28 performed by officials or employees of the other state when
29 made in Iowa, then all costs of audits performed outside of
30 Iowa in the other state shall be at the expense of the person
31 whose records are audited.

32 Sec. 71. Section 452A.60, subsection 1, Code 2022, is
33 amended to read as follows:

34 1. The department of revenue or the state department of
35 transportation shall prescribe and furnish all forms, as

1 applicable, upon which reports, returns, and applications shall
2 be made and claims for refund presented under [this chapter](#)
3 and may prescribe forms of record to be kept by suppliers,
4 restrictive suppliers, importers, exporters, blenders, common
5 carriers, contract carriers, ~~licensed~~ permitted compressed
6 natural gas, liquefied natural gas, liquefied petroleum gas,
7 and hydrogen dealers and users, terminal operators, nonterminal
8 storage facility operations, and interstate commercial motor
9 vehicle operators.

10 Sec. 72. Section 452A.62, subsection 1, paragraph a,
11 subparagraph (2), Code 2022, is amended to read as follows:

12 (2) A ~~licensed~~ permitted compressed natural gas, liquefied
13 natural gas, liquefied petroleum gas, or hydrogen dealer,
14 user, or person supplying compressed natural gas, liquefied
15 natural gas, liquefied petroleum gas, or hydrogen to a ~~licensed~~
16 permitted compressed natural gas, liquefied natural gas,
17 liquefied petroleum gas, or hydrogen dealer or user.

18 Sec. 73. Section 452A.62, subsection 1, paragraph b, Code
19 2022, is amended to read as follows:

20 *b.* To examine the records, books, papers, receipts, and
21 invoices of any distributor, supplier, restrictive supplier,
22 importer, blender, exporter, terminal operator, nonterminal
23 storage facility, ~~licensed~~ permitted compressed natural gas,
24 liquefied natural gas, liquefied petroleum gas, or hydrogen
25 dealer or user, or any other person who possesses fuel
26 upon which the tax has not been paid to determine financial
27 responsibility for the payment of the taxes imposed by this
28 chapter.

29 Sec. 74. Section 452A.65, subsections 2 and 3, Code 2022,
30 are amended to read as follows:

31 2. A report required of ~~licensees~~ permit holders or persons
32 operating under [subchapter III](#), upon which no tax is due, is
33 subject to a penalty of ten dollars if the report is not timely
34 filed with the state department of transportation.

35 3. If a ~~licensee~~ permit holder or other person sells the

1 ~~licensee's~~ permit holder's or other person's business or stock
2 of goods or quits the business, the licensee permit holder
3 or other person shall prepare a final return and pay all tax
4 due within the time required by law. The immediate successor
5 to the licensee permit holder or other person, if any, shall
6 withhold sufficient of the purchase price, in money or money's
7 worth, to pay the amount of any delinquent tax, interest, or
8 penalty due and unpaid. If the immediate successor of the
9 business or stock of goods intentionally fails to withhold
10 any amount due from the purchase price as provided in this
11 subsection, the immediate successor is personally liable for
12 the payment of the taxes, interest, and penalty accrued and
13 unpaid on account of the operation of the business by the
14 immediate former licensee permit holder or other person,
15 except when the purchase is made in good faith as provided
16 in [section 421.28](#). However, a person foreclosing on a valid
17 security interest or retaking possession of premises under a
18 valid lease is not an "immediate successor" for purposes of
19 this subsection. The department may waive the liability of
20 the immediate successor under [this subsection](#) if the immediate
21 successor exercised good faith in establishing the amount of
22 the previous liability.

23 Sec. 75. Section 452A.67, subsection 1, Code 2022, is
24 amended to read as follows:

25 1. The department shall examine the return and enforce
26 collection of any amount of tax, penalty, fine, or interest
27 over and above the amount shown to be due by the return filed by
28 a licensee permit holder as soon as practicable but no later
29 than three years after the return is filed. An assessment
30 shall not be made covering a period beyond three years after
31 the return is filed except that the period for the examination
32 and determination of the correct amount of tax is unlimited in
33 the case of a false or fraudulent return made with the intent
34 to evade tax or in the case of a failure to file a return.

35 Sec. 76. Section 452A.68, Code 2022, is amended to read as

1 follows:

2 **452A.68 Power of department of revenue or the state**
3 **department of transportation to cancel licenses permits.**

4 1. If a licensee permit holder files a false return of
5 the data or information required by **this chapter**, or fails,
6 refuses, or neglects to file a return required by **this chapter**,
7 or to pay the full amount of fuel tax as required by this
8 chapter, or is substantially delinquent in paying a tax due,
9 owing, and administered by the department of revenue, and
10 interest and penalty if appropriate, or if the person is a
11 corporation and if any officer having a substantial legal or
12 equitable interest in the ownership of the corporation owes any
13 delinquent tax of the licensee permit holder corporation, or
14 interest or penalty on the tax, administered by the department,
15 then after ten days' written notice by mail directed to the
16 last known address of the licensee permit holder setting a time
17 and place at which the licensee permit holder may appear and
18 show cause why the license permit should not be canceled, and
19 if the licensee permit holder fails to appear or if upon the
20 hearing it is shown that the licensee permit holder failed to
21 correctly report or pay the tax, the appropriate state agency
22 may cancel the license permit and shall notify the licensee
23 permit holder of the cancellation by mail to the licensee's
24 last known address of the permit holder.

25 2. If a licensee permit holder abuses the privileges for
26 which the license permit was issued, fails to produce records
27 reasonably requested, fails to extend reasonable cooperation
28 to the appropriate state agency, or has been suspended for
29 nonpayment of fees under **chapter 326** and still owes fees to
30 the department, the licensee permit holder shall be advised
31 in writing of a hearing scheduled to determine if the license
32 permit shall be canceled. The appropriate state agency upon
33 the presentation of a preponderance of evidence may cancel a
34 license permit for cause.

35 3. The director of the appropriate state agency may reissue

1 a license permit which has been canceled for cause. As a
2 condition of reissuance of a license permit, in addition to
3 requirements for issuing a new license permit, the director may
4 require a waiting period not to exceed ninety days before a
5 license permit can be reissued or a new license permit issued.
6 The director shall adopt rules specifying those instances for
7 which a waiting period will be required.

8 4. Upon receipt of written request from any licensee
9 permit holder the appropriate state agency shall cancel the
10 license permit of the licensee permit holder effective on the
11 date of receipt of the request. If, upon investigation, the
12 appropriate state agency finds that a licensee permit holder is
13 no longer engaged in the activities for which a license permit
14 was issued and has not been so engaged for a period of six
15 months, the state agency shall cancel the license permit and
16 give thirty days' notice of the cancellation mailed to the last
17 known address of the licensee permit holder.

18 Sec. 77. Section 452A.70, Code 2022, is amended to read as
19 follows:

20 **452A.70 Discontinuance of ~~licensed activity permit~~ —**
21 **liability for taxes and penalties.**

22 If a licensee permit holder ceases to engage in the state
23 in activities for which the person's license permit was issued
24 or discontinues, sells, or transfers the business in which the
25 person has carried on that activity the licensee permit holder
26 shall notify the department of revenue, which shall forward
27 notice to the state department of transportation, in writing at
28 least ten days prior to the time the cessation, discontinuance,
29 sale or transfer takes effect. The notice shall give the date
30 of proposed cessation or discontinuance, and, in the event of
31 a proposed sale or transfer of the business, the date and the
32 name and address of the purchaser or transferee. All fuel
33 taxes, penalties and interest under **this chapter** not yet due
34 and payable shall, together with any and all interest accruing
35 or penalties imposed under **this chapter** shall become due and

1 payable concurrently with the cessation, discontinuances, sale
2 or transfer, and it shall be the duty of the licensee permit
3 holder to make a report and pay all the fuel taxes, interest,
4 and penalties within ten days.

5 Sec. 78. Section 452A.72, subsections 1 and 3, Code 2022,
6 are amended to read as follows:

7 1. If any fuel taxes, penalties, or interest have been
8 erroneously or illegally collected by the appropriate state
9 agency from a licensee permit holder, the appropriate state
10 agency may apply the overpayment against any tax liability
11 outstanding on the books of the department against the
12 claimant, or shall certify the amount to the director of the
13 department of administrative services, who shall draw a warrant
14 for the certified amount on the treasurer of state payable to
15 the licensee permit holder. The refund shall be paid to the
16 licensee permit holder immediately.

17 3. However, if it is found during an examination by the
18 appropriate state agency that a licensee permit holder paid, as
19 a result of a mistake, an amount of tax, penalty, or interest
20 which was not due, and the mistake is found within three years
21 of the overpayment, the appropriate state agency shall credit
22 the amount against any penalty, interest or taxes due or shall
23 refund the amount to the person.

24 Sec. 79. Section 452A.74, subsection 1, paragraphs e and g,
25 Code 2022, are amended to read as follows:

26 e. For any person to act as a supplier, restrictive
27 supplier, importer, exporter, blender, or compressed natural
28 gas, liquefied natural gas, liquefied petroleum gas, or
29 hydrogen dealer or user without the required license permit.

30 g. For any ~~licensed~~ permitted compressed natural gas,
31 liquefied natural gas, liquefied petroleum gas, or hydrogen
32 dealer or user to dispense compressed natural gas, liquefied
33 natural gas, liquefied petroleum gas, or hydrogen into the fuel
34 supply tank of any motor vehicle without collecting the fuel
35 tax.

1 Sec. 80. Section 452A.74, subsection 2, Code 2022, is
2 amended to read as follows:

3 2. Any delivery of compressed natural gas, liquefied
4 natural gas, liquefied petroleum gas, or hydrogen to a
5 compressed natural gas, liquefied natural gas, liquefied
6 petroleum gas, or hydrogen dealer or user for the purpose of
7 evading the state tax on compressed natural gas, liquefied
8 natural gas, liquefied petroleum gas, or hydrogen, into
9 facilities other than those ~~licensed~~ permitted under this
10 chapter knowing that the fuel will be used for highway use
11 shall constitute a violation of [this section](#). Any compressed
12 natural gas, liquefied natural gas, liquefied petroleum gas,
13 or hydrogen dealer or user for purposes of evading the state
14 tax on compressed natural gas, liquefied natural gas, liquefied
15 petroleum gas, or hydrogen, who allows a distributor to place
16 compressed natural gas, liquefied natural gas, liquefied
17 petroleum gas, or hydrogen for highway use in facilities other
18 than those ~~licensed~~ permitted under [this chapter](#), shall also be
19 deemed in violation of [this section](#).

20 Sec. 81. Section 452A.74A, subsection 2, unnumbered
21 paragraph 1, Code 2022, is amended to read as follows:

22 A person who imports motor fuel or undyed special fuel
23 without a valid importer's ~~license~~ permit or supplier's ~~license~~
24 permit shall be assessed a civil penalty as provided in this
25 subsection. However, the owner or operator of the importing
26 vehicle shall not be guilty of violating [this subsection](#) if it
27 is shown by the owner or operator that the owner or operator
28 reasonably did not know or reasonably should not have known of
29 the illegal importation.

30 EXPLANATION

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

33 This bill relates to sales, use, and motor vehicle fuel
34 taxes administered by the department of revenue including
35 distributions to local governments and school districts, the

1 liability of sellers, tax refund and tax credit incentives, and
2 motor fuel tax reporting and terminology modifications.

3 DIVISION I — SALES, USE, AND EXCISE TAX — RETURNS DUE. The
4 bill allows a taxpayer to have a combined sales and use tax
5 permit and to file a combined return for sales and use taxes.
6 Currently, a taxpayer must possess a separate sales and use tax
7 permit and file separate sales and use tax returns.

8 The bill changes numerous references to the phrase "sales
9 tax permit" in the Code to the phrase "sales or use tax
10 permit".

11 Currently, a person is required to file a sales or use tax
12 return on a quarterly basis. The bill changes this filing
13 requirement from a quarterly basis to a monthly basis. The
14 bill does allow a person required to file a sales or use tax
15 return and who collects less than \$1,200 in sales or use tax in
16 a calendar year, to file a return once a year on or before the
17 last day of the month following the close of the calendar year.

18 The bill allows certain persons required to collect sales
19 or use tax who do not meet the definition of a "retailer
20 maintaining a business in this state" in Code section
21 423.1(48)(a)(1), to be issued only one sales or use tax permit.

22 The bill allows the director of revenue, if necessary, to
23 ensure the payment of sales or use tax, to require a sales or
24 use tax return be filed on a different basis other than on a
25 monthly basis.

26 The bill strikes a provision allowing a person required to
27 file a sales or use tax return to take a credit against the
28 total quarterly amount of tax due, upon a proper showing of
29 necessity, allowing for the balance of tax due to be paid up to
30 30 days after the return was due.

31 The bill strikes a provision requiring a seller, who
32 collects more than \$30,000 of sales or use tax in the preceding
33 calendar year, to make additional remittances to the state
34 under the rules adopted by the director of revenue.

35 DIVISION II — DISTRIBUTIONS OF REVENUE TO LOCAL GOVERNMENTS

1 AND SCHOOL DISTRICTS. Currently, by August 15, the department
2 of revenue estimates the local option sale tax (LOST) and
3 securing an advanced vision for education (SAVE) tax amounts
4 that will be transferred to each local government or school
5 district on a fiscal year and monthly basis. The transfer
6 estimates may be revised for the year and remaining months by
7 the director of revenue if the estimates are incorrect.

8 Commencing with the fiscal year beginning July 1, 2022, the
9 bill changes the LOST and SAVE transfer amount procedures, by
10 requiring the department of revenue to transfer the actual
11 LOST and SAVE taxes collected that are attributable to each
12 local government or school district to that local government
13 or school district.

14 The bill also creates a transition procedure for the LOST
15 and SAVE tax amounts transferred during July and August 2022.
16 Under the transition procedure, the department of revenue shall
17 transfer estimated amounts of LOST and SAVE to each local
18 government or school district for the months of July, August,
19 and September 2022. However, beginning with the October 2022
20 transfer, the department of revenue shall transfer the actual
21 amount of tax attributable to each local government or school
22 district for the LOST and SAVE tax remitted in September 2022.
23 The bill requires any adjustment amount that is necessary to
24 the July, August, or September 2022 estimated transfer amounts
25 be made by the close of business on December 30, 2022.

26 DIVISION III — LIABILITY OF SELLERS USING CERTIFIED
27 SERVICE PROVIDER. The bill specifies that a seller of personal
28 property or services who contracts with a certified service
29 provider is not liable to the state for sales or use tax due on
30 transactions processed by the certified service provider unless
31 the certified service provider establishes it is not liable
32 in accordance with the agreement with the seller. The bill
33 specifies that if the certified service provider is liable for
34 the sales or use tax due, the seller is not subject to audit
35 on transactions processed by the certified service provider.

1 "Certified service provider" is defined in Code section 423.1
2 to mean an agent certified under the agreement to perform
3 all of a seller's sales or use tax functions, other than the
4 seller's obligation to remit tax on its own purchases.

5 DIVISION IV — AUTHORITY TO CANCEL VARIOUS PERMITS ISSUED
6 BY THE DEPARTMENT. The bill allows the director of the
7 department of revenue to cancel the following tax permits if
8 the department determines the permits are no longer in use:
9 income tax withholding, sales or use tax, or motor fuel tax.

10 DIVISION V — ECONOMIC DEVELOPMENT AUTHORITY SALES AND USE
11 TAX REFUND INCENTIVES. Currently, for certain sales or use
12 tax refund incentives in Code section 15.331A administered
13 by the department of economic development authority, an
14 eligible business must apply for a sales or use tax refund for
15 items purchased prior to the "project" completion date. The
16 bill changes the refund procedures by requiring an eligible
17 business to apply for such sales or use tax refunds for items
18 purchased prior to the completion of the "contract" rather than
19 completion of the "project". The bill also requires such an
20 application be made within one year of the project completion
21 date, and that the department of revenue be informed in writing
22 after the contract completion. The bill defines "contract
23 completion" as the date of completion of a written contract
24 relating to the construction or equipping of the facility that
25 is part of the project of the eligible business.

26 For the third-party developer tax credit in Code section
27 15.331C relating to a tax credit for sales and use taxes paid
28 by a third-party developer, the bill specifies that this credit
29 is in lieu of the sales and use tax refund tax incentive
30 provided in Code section 15.331A. The bill also provides
31 that the eligible business shall make an application to the
32 department of revenue within one year of the project completion
33 date, and that the department be informed in writing after
34 the contract completion. The bill requires the department
35 of revenue to audit any third-party developer tax credit

1 claim, prior to issuing a third-party developer tax credit
2 certificate.

3 The bill makes changes to the procedures for workforce
4 housing tax incentives in Code section 15.355. The bill
5 permits a housing business to claim a refund of the sales
6 and use taxes paid prior to the completion of the housing
7 project that are directly related to the housing project and
8 specified in an agreement. In order to receive the sales and
9 use tax refund, the bill requires a contractor or subcontractor
10 working on the housing project to submit a form under oath
11 stating the amount of sales and use taxes paid prior to the
12 housing project. The bill makes it a simple misdemeanor if a
13 contractor or subcontractor willfully makes a false claim under
14 oath in relating to the workforce sales and use tax refund.
15 The bill then requires, after the agreement completion date,
16 the housing business to make an application to the department
17 of revenue for any sales and use tax refund. The bill defines
18 "agreement completion date" to mean the date the economic
19 development authority notifies the department of revenue that
20 all applicable requirements of the agreement have been met.
21 The bill also requires the department of revenue to audit the
22 claim prior to issuing the sales and use tax refund.

23 This division takes effect upon enactment and applies to
24 claims for refunds filed on or after the effective date of the
25 bill.

26 DIVISION VI — MOTOR FUEL REPORTING REQUIREMENT — PENALTY.

27 The bill specifies that each motor fuel retail dealer shall
28 file a report with the department of revenue detailing their
29 total motor fuel gallonage within a reporting period in the
30 manner required by the department and in compliance within
31 the time frames established in Code section 452A.61. The
32 bill permits the department of revenue to require a retail
33 dealer to file such a report with the department by electronic
34 transmission. The bill allows the department of revenue to
35 impose a civil penalty on the retail dealer, not to exceed

1 \$100, for each instance a retail dealer fails to timely file
2 a report or fails to maintain records required to file the
3 report.

4 DIVISION VII — MOTOR FUEL TAX TERMINOLOGY MODIFICATIONS.
5 The bill modifies terms in Code chapter 452A (motor fuel and
6 special fuel taxes). The bill substitutes the term "permit"
7 for the term "license" wherever the term "license" appears. By
8 substituting the term "permit" for the term "license", the bill
9 also strikes related terms to "license" including "licensed"
10 and "licensee" and substitutes "permitted" and "permit holder"
11 in lieu of "licensed" and "licensee".