

House Study Bill 723 - Introduced

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

A BILL FOR

1 An Act relating to the duties and responsibilities of the
2 department of revenue including confidentiality of records,
3 sports wagering, the lottery, cigarette and tobacco
4 taxes, alcoholic beverages, and including effective date
5 provisions.

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

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DIVISION I

CONFIDENTIALITY OF RECORDS

Section 1. Section 422.29, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding sections 422.20 and 422.72 or any other provision of law to the contrary, the department may submit to the court the entire record under seal for the purpose of judicial review under section 17A.19. The record in the custody of the department remains open to public inspection to the extent allowed by chapters 17A and 22, and sections 422.20, subsection 5, and 422.72, subsection 8.

Sec. 2. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

SPORTS WAGERING

Sec. 3. Section 99F.18, Code 2024, is amended to read as follows:

99F.18 Tax on winnings.

1. All winnings derived from slot machines operated pursuant to [this chapter](#) are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of the state tax, pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

2. All winnings from sports wagering authorized under this chapter are Iowa earned income and subject to state and federal income tax laws. An amount deducted from winnings for payment of state tax pursuant to section 422.16, subsection 2, shall be remitted to the department of revenue on behalf of the winner.

Sec. 4. Section 422.16, subsection 2, paragraph d, Code 2024, is amended to read as follows:

d. For the purposes of [this subsection](#), state income tax shall be withheld on winnings in excess of six hundred dollars derived from gambling activities authorized under chapter 99B or [99G](#). State income tax shall be withheld on winnings

1 in excess of one thousand dollars from gambling activities
2 authorized under [chapter 99D](#). State income tax shall be
3 withheld on winnings in excess of one thousand two hundred
4 dollars derived from slot machines authorized under chapter
5 [99F](#). State income tax shall be withheld on winnings in excess
6 of five thousand dollars from sports wagering authorized under
7 chapter 99F.

8 DIVISION III

9 LOTTERY

10 Sec. 5. Section 99G.3, Code 2024, is amended by adding the
11 following new subsections:

12 NEW SUBSECTION. 3A. *"Bona fide social relationship"* means
13 a real, genuine, unfeigned social relationship between two or
14 more persons, where each person has an established knowledge of
15 the other, which has not arisen for the purpose of gambling.

16 NEW SUBSECTION. 9A. *"Lottery courier"* means a person who
17 offers or undertakes to procure tickets or shares in lottery
18 games from a lottery retailer on behalf of another person, and
19 who does not have a bona fide social relationship with that
20 other person.

21 Sec. 6. Section 99G.24, subsection 7, Code 2024, is amended
22 by adding the following new paragraph:

23 NEW PARAGRAPH. *j*. The department determines, based upon
24 available information, that either the structure or activities
25 of the applicant's business is likely to violate provisions of
26 this chapter, or any regulation, policy, or procedure of the
27 division.

28 Sec. 7. Section 99G.30, Code 2024, is amended by adding the
29 following new subsections:

30 NEW SUBSECTION. 8. A person shall not do any of the
31 following:

32 *a*. Act or operate as a lottery courier.

33 *b*. Do business with a lottery courier.

34 NEW SUBSECTION. 9. A retailer shall not sell tickets or
35 shares in a lottery game to any of the following:

1 a. A lottery courier.

2 b. An employee or agent of a lottery courier.

3 Sec. 8. Section 99G.31, subsection 3, paragraph g, Code
4 2024, is amended by striking the paragraph and inserting in
5 lieu thereof the following:

6 g. A ticket or share issued by the division shall not
7 be purchased by and no prize shall be paid to any of the
8 following:

9 (1) A member of the board.

10 (2) An officer or employee of the department.

11 (3) An officer or employee of the state providing services
12 to the department to administer this chapter if such officer
13 or employee has access to confidential information which may
14 compromise the integrity of the lottery.

15 (4) A spouse, child, sibling, or parent residing as a member
16 of the same household in the principal place of residence of
17 any person described in subparagraphs (1) through (3).

18 Sec. 9. Section 99G.34, Code 2024, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 9. Ticket order history; ticket inventory;
21 or any records that if disclosed could impair or adversely
22 impact the security, integrity, or fairness of a lottery game
23 or the security of lottery retailers.

24 DIVISION IV

25 CIGARETTE AND TOBACCO TAXES AND REPORTS — ELECTRONIC FILING

26 Sec. 10. Section 453A.1, subsection 27, Code 2024, is
27 amended to read as follows:

28 27. "*State permit*" shall mean and include all permits issued
29 by the department ~~to distributors, wholesalers, and retailers~~
30 under this chapter except the permits issued to retailers
31 approved by cities and counties pursuant to sections 453A.13
32 and 453A.47A.

33 Sec. 11. Section 453A.6, subsection 8, paragraph a, Code
34 2024, is amended to read as follows:

35 a. Pay directly to the department, in lieu of the tax

1 under subsection 1, a tax equal to three and six hundredths
2 cents on each cigarette dispensed from such machine. Payments
3 made under this paragraph shall be remitted to the department
4 electronically.

5 Sec. 12. Section 453A.8, subsection 2, Code 2024, is amended
6 to read as follows:

7 2. Orders for cigarette tax stamps, including the payment
8 for such stamps, shall be ~~sent direct~~ made to the department
9 electronically on a form to be prescribed by the director,
10 except as provided in subsection 6.

11 Sec. 13. Section 453A.13, subsection 2, paragraph a, Code
12 2024, is amended to read as follows:

13 a. The department shall issue state permits to distributors,
14 wholesalers, and cigarette vendors, and retailers that
15 make delivery sales of alternative nicotine products and
16 vapor products, subject to the conditions provided in this
17 subchapter. If an out-of-state retailer makes delivery
18 sales of alternative nicotine products or vapor products, an
19 application shall be filed with the department electronically
20 and a permit shall be issued for the out-of-state retailer's
21 principal place of business. Cities may ~~issue~~ approve retail
22 ~~permits to retailers~~ permit applications for applicants with
23 a place of business located within their respective limits.
24 County boards of supervisors may ~~issue~~ approve retail ~~permits~~
25 ~~to retailers~~ permit applications for applicants with a place of
26 business in their respective counties, outside of the corporate
27 limits of cities. Upon approval of a retail permit application
28 by a city or county, the department shall issue the permit to
29 the applicant on behalf of the city or county, in the manner
30 determined by the department. A city or county shall use the
31 electronic portal of the department to process retail permit
32 applications. A city or county that is unable to use the
33 electronic portal of the department may request permission from
34 the director to process retail applications by another method.

35 Sec. 14. Section 453A.13, subsection 2, paragraph c, Code

1 2024, is amended to read as follows:

2 ~~c. A city or county shall submit a duplicate of any~~
3 ~~application for a retail permit to the department within thirty~~
4 ~~days of the issuance.~~ The department shall submit the current
5 list of all retail permits issued to the department of health
6 and human services by the last day of each quarter of a state
7 fiscal year.

8 Sec. 15. Section 453A.13, subsection 3, paragraph a, Code
9 2024, is amended to read as follows:

10 a. All permits provided for in [this subchapter](#) shall expire
11 on June 30 of each year. A permit shall not be granted or
12 issued until the applicant has paid the fees to the department
13 required in this subchapter for the next period ending on June
14 30 next, to the department or the city or county granting the
15 permit, the fees provided for in [this subchapter](#). The annual
16 state permit fee for a distributor, cigarette vendor, and
17 wholesaler is one hundred dollars when the permit is granted
18 during the months of July, August, or September. However,
19 whenever a state permit holder operates more than one place of
20 business, a duplicate state permit shall be issued for each
21 additional place of business on payment of five dollars for
22 each duplicate state permit, but refunds as provided in this
23 subchapter do not apply to any duplicate permit issued.

24 Sec. 16. Section 453A.13, subsection 5, unnumbered
25 paragraph 1, Code 2024, is amended to read as follows:

26 Permits shall be issued only upon applications accompanied
27 by the fee indicated above, and by an adequate bond as provided
28 in [section 453A.14](#), and upon forms furnished by the department
29 ~~upon written request. The failure to furnish such forms shall~~
30 ~~be no excuse for the failure to file the forms unless absolute~~
31 ~~refusal is shown.~~ Applications, any supporting documentation,
32 and the associated fees required by this section shall be
33 submitted to the department electronically. The forms shall
34 set forth all of the following:

35 Sec. 17. Section 453A.13, subsection 9, unnumbered

1 paragraph 1, Code 2024, is amended to read as follows:

2 Each permit issued shall describe clearly the place of
3 business for which it is issued, shall be nonassignable,
4 consecutively numbered, designating the kind of permit, and
5 shall authorize the sale of cigarettes, alternative nicotine
6 products, or vapor products in this state subject to the
7 limitations and restrictions herein contained. The retail
8 permits shall be upon forms furnished by the department ~~or on~~
9 ~~forms made available or approved by the department.~~

10 Sec. 18. Section 453A.14, subsection 1, unnumbered
11 paragraph 1, Code 2024, is amended to read as follows:

12 ~~No~~ A state or manufacturer's permit shall not be issued until
13 the applicant files a bond, with good and sufficient surety,
14 to be approved by the director, which bond shall be in favor of
15 the state and conditioned upon the payment of taxes, damages,
16 fines, penalties, and costs adjudged against the permit holder
17 for violation of any of the provisions of [this subchapter](#). The
18 bonds shall be on forms prescribed by the director and shall be
19 filed electronically. A bond filed under this section shall be
20 in one of the following amounts:

21 Sec. 19. Section 453A.14, subsection 2, Code 2024, is
22 amended to read as follows:

23 2. A person shall not engage in interstate business unless
24 the person files a bond, with good and sufficient surety in an
25 amount of not less than one thousand dollars. A bond required
26 by this subsection shall be on forms prescribed by the director
27 and shall be filed electronically. The amount of the bond
28 required of the person shall be fixed by the director, subject
29 to the minimum limitation provided in [this section](#). The bond
30 is subject to approval by the director and shall be payable to
31 the state in Des Moines, Polk county, and conditioned upon the
32 payment of taxes, damages, fines, penalties, and costs adjudged
33 against the person for violation of any of the requirements of
34 this subchapter affecting the person, on a form prescribed by
35 the director.

1 Sec. 20. Section 453A.15, subsection 7, Code 2024, is
2 amended to read as follows:

3 7. ~~The director may require by rule that~~ Any reports
4 required to be made under this subchapter shall be filed by
5 ~~electronic transmission electronically.~~

6 Sec. 21. Section 453A.16, Code 2024, is amended to read as
7 follows:

8 **453A.16 Manufacturer's permit.**

9 The department may, upon application of any manufacturer,
10 issue without charge to the manufacturer a manufacturer's
11 permit. The application shall contain information as
12 the director shall prescribe and the application shall be
13 submitted to the department electronically. The holder of a
14 manufacturer's permit is authorized to purchase stamps from
15 the department, and must affix stamps to individual packages
16 of cigarettes outside of this state, prior to their shipment
17 into the state unless the cigarettes are shipped to an Iowa
18 permitted distributor or an Iowa permitted distributor's agent.

19 Sec. 22. Section 453A.17, subsection 1, Code 2024, is
20 amended to read as follows:

21 1. Every distributing agent in the state, now engaged,
22 or who desires to become engaged, in the business of storing
23 unstamped cigarettes which are received in interstate commerce
24 for distribution or delivery only upon order received from
25 without the state or to be sold outside the state, shall
26 file with the department electronically, an application for
27 a distributing agent's permit, on a form prescribed by the
28 director, ~~to be furnished upon written request. The failure~~
29 ~~to furnish shall be no excuse for the failure to file the same~~
30 ~~unless an absolute refusal is shown.~~ Said form shall set
31 forth the name under which such distributing agent transacts
32 or intends to transact such business as a distributing agent,
33 the principal office and place of business in Iowa to which
34 the permit is to apply, and if other than an individual, the
35 principal officers or members thereof and their addresses. The

1 director may require any other information in said application.
2 No distributing agent shall engage in such business until
3 such application has been filed and fee in the sum of one
4 hundred dollars paid for the permit and until the permit has
5 been obtained. Such permit shall expire on June 30 following
6 the date of issuance. All of the provisions of the last
7 two paragraphs of [section 453A.14](#), relative to bonds, are
8 incorporated herein and by this reference made applicable to
9 distributing agents. Upon failure to furnish adequate bond
10 as required, the permit shall be revoked without hearing. An
11 application shall be filed and a permit obtained for each place
12 of business owned or operated by a distributing agent.

13 Sec. 23. Section 453A.18, Code 2024, is amended to read as
14 follows:

15 **453A.18 Forms for records and reports.**

16 The department shall ~~furnish or~~ make available in electronic
17 form, without charge, to holders of the various permits, forms
18 ~~in sufficient quantities~~ to enable permit holders to make the
19 reports required to be made under [this subchapter](#). The permit
20 holders shall furnish at their own expense the books, records,
21 and invoices, required to be used and kept, but the books,
22 records, and invoices shall be in exact conformity to the forms
23 prescribed for that purpose by the director, and shall be kept
24 and used in the manner prescribed by the director. However,
25 the director may, by express order in certain cases, authorize
26 permit holders to keep their records in a manner and upon forms
27 other than those prescribed. The authorization may be revoked
28 at any time. A report, book, record, invoice, and any other
29 document required to be submitted to the department under this
30 subchapter shall be submitted electronically.

31 Sec. 24. Section 453A.23, subsections 1 and 2, Code 2024,
32 are amended to read as follows:

33 1. Subject to [this subchapter](#), a retailer's permit may be
34 issued by the department to any dining car company, sleeping
35 car company, railroad or railway company. The permit shall

1 authorize the holder to keep for sale, and sell, cigarettes
2 at retail on any dining car, sleeping car, or passenger car
3 operated by the applicant in, through, or across the state of
4 Iowa, subject to all of the restrictions imposed upon retailers
5 under [this subchapter](#). The application for the permit shall
6 be in the form and contain the information required by the
7 director and each application submitted under this section
8 shall be submitted to the department electronically. Each
9 permit is good throughout the state. Only one permit is
10 required for all cars operated in this state by the applicant,
11 but a duplicate of the permit shall be posted in each car
12 in which cigarettes are sold and no further permit shall be
13 required or tax levied for the privilege of selling cigarettes
14 in the cars. ~~No cigarettes~~ Cigarettes shall not be sold in
15 the cars without having affixed thereto stamps evidencing the
16 payment of the tax as provided in [this subchapter](#).

17 2. As a condition precedent to the issuing of a retailer's
18 permit for railway car, the applicant shall file with the
19 department a bond in favor of the state for the benefit of
20 all parties interested in the amount of five hundred dollars
21 conditioned upon the payment of all taxes, fines and penalties
22 and costs in [this subchapter](#). A bond filed under this
23 subsection shall be on forms prescribed by the director and
24 shall be filed electronically.

25 Sec. 25. Section 453A.24, subsection 2, Code 2024, is
26 amended to read as follows:

27 2. The director may require by rule that common carriers
28 or the appropriate persons provide monthly reports to the
29 department detailing all information the department deems
30 necessary on shipments into and out of Iowa of cigarettes
31 and tobacco products as set forth in this [subchapter I](#) and
32 subchapter II of this chapter. ~~The director may require by~~
33 ~~rule that the reports~~ A report required to be submitted by the
34 director pursuant to this section shall be filed by electronic
35 transmission electronically.

1 Sec. 26. Section 453A.35, subsection 1, paragraph a, Code
2 2024, is amended to read as follows:

3 a. With the exception of revenues credited to the health
4 care trust fund pursuant to paragraph "b", the proceeds derived
5 from the sale of stamps and the payment of fees and penalties
6 provided for under this chapter, and the permit fees received
7 from all state permits issued by the department, shall be
8 credited to the general fund of the state.

9 Sec. 27. Section 453A.35, subsection 2, Code 2024, is
10 amended to read as follows:

11 2. All permit fees provided for in this chapter and
12 collected by the department on behalf of cities in the issuance
13 of permits granted by the cities shall be ~~paid~~ remitted by
14 the department to the treasurer of the city where the permit
15 is effective, ~~or to another city officer as designated by the~~
16 ~~council~~, and shall be credited to the general fund of the
17 city. Permit fees so collected by the department on behalf of
18 counties shall be ~~paid~~ remitted to the county treasurer of the
19 county where the permit is effective.

20 Sec. 28. Section 453A.39, subsection 2, paragraph a, Code
21 2024, is amended to read as follows:

22 a. All cigarette samples shall be shipped only to a
23 distributor that has a permit to stamp cigarettes or little
24 cigars with Iowa tax. All cigarette samples must have a
25 cigarette stamp. The manufacturer shipping samples under this
26 section shall send an affidavit to the director stating the
27 shipment information, including the date shipped, quantity, and
28 to whom the samples were shipped. The distributor receiving
29 the shipment shall send an affidavit to the director stating
30 the shipment information, including the date shipped, quantity,
31 and from whom the samples were shipped. These affidavits shall
32 be duly notarized and submitted to the director at the time of
33 shipment and receipt of the samples. The distributor shall
34 pay the tax on samples by separate remittance along with the
35 affidavit. The affidavit and remittance required under this

1 paragraph shall be submitted to the department electronically.

2 Sec. 29. Section 453A.40, subsection 2, Code 2024, is
3 amended to read as follows:

4 2. Persons subject to the inventory tax imposed under this
5 section shall take an inventory as of the close of the business
6 day next preceding the effective date of the increased tax rate
7 of those items subject to the inventory tax for the purpose of
8 determining the tax due. These persons shall report the tax
9 on forms provided by the department of revenue and remit the
10 tax due within thirty days of the prescribed inventory date.
11 The report and remittance required under this subsection shall
12 be submitted to the department electronically. The department
13 of revenue shall adopt rules as are necessary to carry out this
14 section.

15 Sec. 30. NEW SECTION. 453A.41 **Submitting documents —**
16 **alternative method.**

17 A person subject to this subchapter who is required to submit
18 an application, bond, fee, report, return, remittance, or other
19 documentation electronically and who is unable to do so, may
20 request permission from the director to make the submission
21 using an alternative method.

22 Sec. 31. Section 453A.45, subsection 5, paragraphs b and c,
23 Code 2024, are amended to read as follows:

24 *b.* The report shall be made on forms provided by the
25 director. ~~The director may require by rule that the A report~~
26 required under this subsection shall be filed by electronic
27 transmission electronically.

28 *c.* Common carriers transporting tobacco products into
29 this state shall file with the director reports of all such
30 shipments other than those which are delivered to public
31 warehouses of first destination in this state which are
32 licensed under the provisions of **chapter 554**. Such reports
33 shall be filed electronically with the department on or before
34 the tenth day of each month and shall show with respect to
35 deliveries made in the preceding month all of the following:

- 1 (1) The date.
- 2 (2) The point of origin.
- 3 (3) The point of delivery.
- 4 (4) The name of the consignee.
- 5 (5) A description and the quantity of tobacco products
- 6 delivered.
- 7 (6) Such other information as the director may require.

8 Sec. 32. Section 453A.46, subsection 1, paragraph a,
9 subparagraph (1), Code 2024, is amended to read as follows:

10 (1) On or before the twentieth day of each calendar month
11 every distributor with a place of business in this state shall
12 file a return with the director showing for the preceding
13 calendar month the quantity and wholesale sales price of each
14 tobacco product brought, or caused to be brought, into this
15 state for sale; made, manufactured, or fabricated in this state
16 for sale in this state; and any other information the director
17 may require. Every licensed distributor outside this state
18 shall in like manner file a return with the director showing
19 for the preceding calendar month the quantity and wholesale
20 sales price of each tobacco product shipped or transported to
21 retailers in this state to be sold by those retailers and any
22 other information the director may require. Returns shall
23 be made upon forms ~~furnished~~ or made available in electronic
24 form and prescribed by the director and shall contain other
25 information as the director may require. Each return shall be
26 accompanied by a remittance for the full tax liability shown
27 on the return, less a discount as fixed by the director not to
28 exceed five percent of the tax. Within three years after the
29 return is filed or within three years after the return became
30 due, whichever is later, the department shall examine it,
31 determine the correct amount of tax, and assess the tax against
32 the taxpayer for any deficiency. The period for examination
33 and determination of the correct amount of tax is unlimited in
34 the case of a false or fraudulent return made with the intent
35 to evade tax, or in the case of a failure to file a return.

1 Sec. 33. Section 453A.46, subsection 7, Code 2024, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 7. A return and remittance required to be submitted under
5 this subchapter shall be filed electronically.

6 Sec. 34. Section 453A.47A, subsection 6, Code 2024, is
7 amended to read as follows:

8 6. *Issuance.* Cities may ~~issue~~ approve retail ~~permits~~
9 ~~to permit applications of~~ retailers located within their
10 respective limits. County boards of supervisors may ~~issue~~
11 approve retail ~~permits to~~ permit applications of retailers
12 located in their respective counties, outside of the corporate
13 limits of cities. ~~The city or county shall submit a duplicate~~
14 ~~of any application for a retail permit to the department within~~
15 ~~thirty days of issuance of a permit.~~ Upon approval of a retail
16 permit application by a city or county, the department shall
17 issue the permit to the applicant on behalf of the city or
18 county, in the manner determined by the department. A city
19 or county shall use the electronic portal of the department
20 to process retail permit applications. A city or county that
21 is unable to use the electronic portal of the department
22 may request permission from the director to process retail
23 applications by another method. The department shall submit
24 the current list of all retail permits issued to the department
25 of health and human services by the last day of each quarter of
26 a state fiscal year.

27 Sec. 35. Section 453A.47A, subsection 7, paragraph a,
28 unnumbered paragraph 1, Code 2024, is amended to read as
29 follows:

30 All permits provided for in this subchapter shall expire on
31 June 30 of each year. A permit shall not be granted or issued
32 until the applicant has paid the fees ~~provided for to the~~
33 department required in this section for the next period ending
34 on June 30 next, to the city or county granting the permit. The
35 fee for retail permits is as follows when the permit is granted

1 during the month of July, August, or September:

2 Sec. 36. Section 453A.47A, subsection 9, unnumbered
3 paragraph 1, Code 2024, is amended to read as follows:

4 Retail permits shall be issued only upon applications,
5 accompanied by the fee indicated above, made upon forms
6 furnished by the department ~~upon written request. The failure~~
7 ~~to furnish such forms shall be no excuse for the failure to~~
8 ~~file the form unless absolute refusal is shown. Applications,~~
9 any supporting documentation, and the associated fees
10 required by this section shall be submitted to the department
11 electronically. The forms shall specify:

12 Sec. 37. Section 453A.47A, subsection 10, paragraph b, Code
13 2024, is amended to read as follows:

14 b. Every retailer shall, when requested by the department,
15 make additional reports as the department deems necessary and
16 proper and shall at the request of the department furnish full
17 and complete information pertaining to any transaction of the
18 retailer involving the purchase or sale or use of tobacco,
19 tobacco products, alternative nicotine products, or vapor
20 products. A report required to be submitted to the department
21 pursuant to this subsection shall be filed electronically.

22 Sec. 38. NEW SECTION. 453A.52 Submitting documents —
23 alternative method.

24 A person subject to this subchapter who is required to submit
25 an application, bond, fee, report, return, remittance, or other
26 documentation electronically and who is unable to do so, may
27 request permission from the director to make the submission
28 using an alternative method.

29 Sec. 39. Section 453C.1, subsection 10, Code 2024, is
30 amended to read as follows:

31 10. "Units sold" means the number of individual cigarettes
32 sold in the state by the applicable tobacco product
33 manufacturer, whether directly or through a distributor,
34 retailer, or similar intermediary or intermediaries, during the
35 year in question, ~~as measured by excise taxes collected by the~~

1 ~~state on~~ in packs bearing required to bear the excise stamp of
2 the state or ~~on~~ in the case of roll-your-own tobacco ~~containers~~
3 on which a tax is due pursuant to chapter 453A. The department
4 of revenue shall adopt rules as are necessary to ascertain
5 the amount of state excise tax paid on the cigarettes of such
6 tobacco product manufacturer for each year.

7 Sec. 40. Section 453D.5, subsection 1, Code 2024, is amended
8 to read as follows:

9 1. No later than twenty calendar days after the end of
10 each calendar quarter, and more frequently if so directed by
11 the director, each stamping agent and distributor shall submit
12 information as the director requires to facilitate compliance
13 with this chapter, including but not limited to a list by brand
14 family of the total number of cigarettes, or, in the case of
15 roll-your-own tobacco, the equivalent stick count, for which
16 the stamping agent or distributor affixed stamps during the
17 previous calendar quarter or otherwise paid the tax due for
18 the cigarettes. The stamping agent and distributor shall
19 maintain, and make available to the director, all invoices and
20 documentation of sales of all nonparticipating manufacturer
21 cigarettes and any other information relied upon in reporting
22 to the director for a period of five years. Violations of this
23 subsection are subject to civil penalties as established in
24 section 453A.31, subsection 1, paragraph "b". Any information
25 submitted pursuant to this subsection shall be submitted to the
26 director electronically.

27 Sec. 41. EFFECTIVE DATE. This division of this Act takes
28 effect January 1, 2025, for returns, payments, remittances,
29 reports, books, records, invoices, and any other document
30 required to be electronically filed with or submitted to the
31 department on or after that date.

32 DIVISION V

33 ALCOHOLIC BEVERAGES

34 Sec. 42. Section 123.5, subsection 3, Code 2024, is amended
35 to read as follows:

1 3. Members of the commission shall be chosen on the basis
2 of managerial ability and experience as business executives.
3 Not more than two members of the commission may ~~be the holder~~
4 ~~of or have an interest in a permit or license to manufacture~~
5 ~~alcoholic liquor, wine, or beer or to sell alcoholic liquor,~~
6 ~~wine, or beer at wholesale or retail~~ directly or indirectly;
7 individually; as a member of a partnership or an association;
8 as a member, owner, or stockholder, except as an institutional
9 investor, of a corporation or other entity; or as a relative to
10 a person by blood or marriage within the second degree do any
11 of the following:

12 a. Hold a permit or license to manufacture alcoholic
13 beverages or sell alcoholic beverages at wholesale or retail.

14 b. Have an interest in the manufacture of or dealing in
15 alcoholic beverages or in an enterprise or industry in which
16 alcoholic beverages are required.

17 c. Receive a commission or profit on the purchase or sale of
18 alcoholic beverages by any person.

19 d. Have an interest in or mortgage or deed of trust on any
20 land or building where alcoholic beverages are manufactured for
21 sale, offered for sale, or sold or in any personal property
22 used for the manufacturing or sale of alcoholic beverages.

23 Sec. 43. Section 123.5, Code 2024, is amended by adding the
24 following new subsections:

25 NEW SUBSECTION. 3A. In addition to the requirements of
26 chapter 68B, members of the commission shall not do any of the
27 following:

28 a. Hold any other office or position under the laws of this
29 state, or any other state or territory or of the United States.

30 b. Directly or indirectly use the office of the member
31 to influence, persuade, or induce any person to adopt their
32 political views or to favor any particular candidate for an
33 elective or appointive public office.

34 c. Directly or indirectly, solicit or accept, in any manner
35 or way, any money or other thing of value for any person

1 seeking an elective or appointive public office, or to any
2 political party or any group of persons seeking to become a
3 political party.

4 NEW SUBSECTION. 6. This section does not prohibit a
5 commission member from lawfully purchasing and keeping
6 alcoholic beverages in the possession of the commission member.

7 Sec. 44. Section 123.13, Code 2024, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **123.13 Prohibitions — director and employees.**

10 1. For purposes of this section, “*director*” means the
11 director of the department.

12 2. The requirements of this section are in addition to the
13 requirements of chapter 68B.

14 3. The director shall not directly or indirectly;
15 individually; as a member of a partnership or an association;
16 as a member, owner, or stockholder, except as an institutional
17 investor of a corporation or other entity; or as a relative to
18 a person by blood or marriage within the second degree do any
19 of the following:

20 a. Have an interest in the manufacture of or dealing in
21 alcoholic beverages, or in an enterprise or industry in which
22 alcoholic beverages are required.

23 b. Receive a commission or profit from the purchase or sale
24 of an alcoholic beverage by any person.

25 c. Have an interest in, or mortgage or deed of trust on, any
26 land or building where alcoholic beverages are manufactured for
27 sale, offered for sale, or sold, or in any personal property
28 used in the manufacture or sale of alcoholic beverages.

29 4. An employee of the department shall not license, permit,
30 or participate in the licensing or permitting of a person,
31 business, or organization that requires a license or permit
32 under the laws and rules governing alcoholic beverages, if the
33 employee has an ownership interest related to that person,
34 business, or organization.

35 5. An employee of the department shall not enforce any

1 law or rule governing alcoholic beverages against a person,
2 business, or organization that requires a license or permit
3 under the laws and rules governing alcoholic beverages, if the
4 employee has an ownership interest related to that person,
5 business, or organization.

6 6. The director or an employee violating this section or
7 any other provisions of this chapter shall, in addition to any
8 other penalties provided by law, be subject to suspension or
9 discharge from employment.

10 7. This section does not prohibit the director or an
11 employee of the department from lawfully purchasing and keeping
12 alcoholic beverages in the possession of the director or the
13 employee.

14 Sec. 45. Section 123.39, subsection 1, paragraph b,
15 subparagraph (3), Code 2024, is amended to read as follows:

16 (3) Any change in the ownership or interest in the business
17 operated under a ~~retail alcohol~~ license, permit, or certificate
18 of compliance which ~~change was~~ changes were not previously
19 reported in a manner prescribed by the director within thirty
20 days of the change and subsequently approved by the local
21 authority, when applicable, and the department.

22 EXPLANATION

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

25 This bill relates to the duties and responsibilities of the
26 department of revenue (department) including confidentiality of
27 records, sports wagering, the lottery, cigarette and tobacco
28 taxes, and alcoholic beverages.

29 DIVISION I — CONFIDENTIALITY OF RECORDS. The bill provides
30 that the department may submit to the court the entire record
31 under seal for the purpose of judicial review under Code
32 section 17A.19. The bill specifies that the record in the
33 custody of the department remains open to public inspection
34 to the extent allowed in Code chapters 17A and 22, and Code
35 sections 422.20(5) and 422.72(8).

1 The division takes effect upon enactment.

2 DIVISION II — SPORTS WAGERING. The bill specifies all
3 winnings from sports wagering are considered Iowa earned income
4 and subject to Iowa and federal income tax laws. If sports
5 wagering winnings exceed \$5,000, the bill requires Iowa state
6 income tax be withheld from the winnings.

7 DIVISION III — LOTTERY. The bill defines a "lottery
8 courier" to mean a person who offers or undertakes to procure
9 tickets or shares in lottery games from a lottery retailer on
10 behalf of another person, and who does not have a bona fide
11 social relationship with that other person. The bill also
12 defines "bona fide social relationship". The bill prohibits a
13 person to operate as a lottery courier or to do business with
14 a lottery courier. A person who does business with a lottery
15 courier may have the lottery retail license of the person
16 suspended or revoked under Code section 99G.27.

17 The bill updates and expands the circumstances where a
18 ticket shall not be purchased by or a prize awarded to certain
19 persons. The bill adds a state employee who has access to
20 confidential information which may compromise the integrity of
21 the lottery to the list of persons prohibited from purchasing a
22 lottery ticket or claiming a lottery prize.

23 The bill makes the following lottery information
24 confidential: ticket order history; ticket inventory; or any
25 records that if disclosed could impair or adversely impact
26 the security, integrity, or fairness of a lottery game or the
27 security of lottery retailers.

28 DIVISION IV — CIGARETTE AND TOBACCO TAXES AND REPORTS —
29 ELECTRONIC FILING. The bill updates the definition of "units
30 sold" when measuring individual cigarettes sold in the state
31 to mean packs required to bear the excise stamp of the state,
32 and updates "units sold" for roll-your-own tobacco to mean
33 roll-your-own tobacco on which tax is due pursuant to Code
34 chapter 453A.

35 The bill specifies that cities and counties may approve

1 tobacco-related retail permits but the department shall issue
2 the permit to the applicant on behalf of the city or county.
3 The bill requires the city or county to use the electronic
4 portal of the department to process retail permit applications.
5 If a city or county is unable to use the electronic portal
6 of the department, the city or county may request permission
7 from the director of revenue to process retail applications by
8 another method.

9 The bill provides that all tobacco-related permit fees shall
10 be collected by the department, and the department shall credit
11 the fees to the city or county where the permit is in effect.

12 The bill requires cigarette and tobacco tax returns,
13 reports, invoices, bonds, and payments to be filed with or
14 submitted to the department electronically beginning on or
15 after January 1, 2025. A person required to make a submission
16 electronically by the bill may request permission from the
17 director of revenue to make the submission in another manner.

18 DIVISION V — ALCOHOLIC BEVERAGES. The bill specifies
19 that members of the alcoholic beverages commission (members)
20 shall not hold any other office or position under the laws of
21 this state or any other state. The bill prohibits a member of
22 the commission from influencing or persuading others to adopt
23 political views of the member or favor any particular elective
24 or appointive candidate. The bill specifies that not more
25 than two members shall have any interest in alcohol-related
26 enterprises.

27 The bill prohibits the director of the department of revenue
28 from having any interest in alcohol-related enterprises.

29 The bill prohibits an employee of the department of
30 revenue to license, permit, or participate in the licensing
31 or permitting of a person, business, or organization under
32 the laws governing alcoholic beverages, if the employee has
33 an ownership interest related to that person, business, or
34 organization.

35 The bill prohibits an employee of the department of revenue

1 from enforcing any law or rule governing alcoholic beverages
2 against a person, business, or organization, if the employee
3 has an ownership interest related to that person, business, or
4 organization.

5 The bill provides the director or an employee who violates
6 the bill shall, in addition to any other penalties provided by
7 law, be subject to suspension or discharge from employment.

8 The bill does not prohibit a member or the director of
9 revenue or an employee of the department of revenue from
10 lawfully purchasing and keeping an alcoholic beverage for
11 personal use.

12 The bill amends Code section 123.39(1)(b)(3) to update the
13 terminology used in the subparagraph to match the terminology
14 used in the lead-in under Code section 123.39(1)(b).