

House File 2028 - Introduced

HOUSE FILE 2028
BY LUNDGREN

A BILL FOR

1 An Act relating to establishing a reciprocal tax agreement study
2 by the department of revenue, and including effective date
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. RECIPROCAL TAX AGREEMENT WITH THE STATE OF
2 WISCONSIN — STUDY.

3 1. Due to numerous residents of this state employed in the
4 state of Wisconsin and conversely numerous residents of the state
5 of Wisconsin employed in this state, and for the mutual benefit
6 of this state and the state of Wisconsin, the department of
7 revenue is directed to study the feasibility of entering into a
8 reciprocal tax agreement with the tax administration agencies of
9 the state of Wisconsin that adheres to the conditions established
10 in section 422.8, subsection 4.

11 2. By December 1, 2026, the department of revenue shall
12 report to the general assembly the findings of the study,
13 including the reasons the reciprocal tax agreement is feasible
14 or not feasible. If a reciprocal tax agreement is determined to
15 be feasible and mutually beneficial by this state and the state
16 of Wisconsin, the department of revenue shall submit the proposed
17 reciprocal tax agreement in bill form to the legislative services
18 agency prior to the 2027 regular session of the Ninety-second
19 General Assembly for authorization and approval as required by
20 section 422.8, subsection 4.

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

23 EXPLANATION

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

26 This bill relates to establishing a reciprocal tax agreement
27 study by the department of revenue.

28 For the mutual benefit of both this state and the state of
29 Wisconsin, the bill directs the department of revenue (DOR) to
30 study the feasibility of entering into a reciprocal tax agreement
31 with the tax administration agencies of the state of Wisconsin
32 that adheres to the conditions established in Code section
33 422.8(4). Generally, under such an agreement any wages or salary
34 made by an Iowa resident working in Wisconsin is taxable only
35 to Iowa and not to Wisconsin, and any wages or salary made by a

1 Wisconsin resident working in Iowa is taxable only to Wisconsin
2 and not to Iowa.

3 By December 1, 2026, DOR shall report to the general assembly
4 the findings of the study, including the reasons the reciprocal
5 tax agreement is feasible or not feasible. If a reciprocal tax
6 agreement is determined to be feasible and mutually beneficial
7 by this state and the state of Wisconsin, DOR shall submit the
8 proposed reciprocal tax agreement in bill form to the legislative
9 services agency prior to the 2027 regular session of the 92nd
10 General Assembly for authorization and approval as required by
11 Code section 422.8(4).

12 Currently, the state of Iowa has one existing reciprocal tax
13 agreement with the state of Illinois.

14 The bill takes effect upon enactment.

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