

**Senate File 614 - Introduced**

SENATE FILE 614  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1156)

**A BILL FOR**

1 An Act relating to the administration of the tax by the  
2 department of revenue by modifying provisions related to  
3 personal income, property, sales and use, motor fuel,  
4 and inheritance taxes, changing tax expenditure reviews,  
5 and including effective date and retroactive applicability  
6 provisions.

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

unofficial

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DIVISION I

DISCLOSURE OF TAX INFORMATION

Section 1. Section 421.19, subsection 2, Code 2025, is amended by striking the subsection and inserting in lieu thereof the following:

2. The department may notify federal, state, or local law enforcement agencies, and may disclose state returns, state return information, state investigative information or audit information, or any other state information, to such law enforcement agencies, if the department has information that indicates any of the following:

- a. A person intentionally filed a false claim, affidavit, return, or other information with intent to evade tax or obtain a refund, credit, or other benefit from the department.
- b. A person failed to file a return with intent to evade a tax or filing requirement.
- c. A person failed to pay with the intent to evade tax.
- d. A person committed any act or omission that is a criminal offense under a provision of this title administered by the department.

Sec. 2. Section 421.19, subsection 3, Code 2025, is amended to read as follows:

3. Notwithstanding sections 422.20 and 422.72, the department may disclose state returns, state return information, state investigative or audit information, or any other state information as provided under this section.

Sec. 3. Section 422.20, subsection 3, paragraph a, Code 2025, is amended to read as follows:

a. Unless otherwise expressly permitted by section 8G.4, section 11.41, section 96.11, subsection 6, section 421.17, subsections 22, 23, and 26, section 421.17, subsection 27, paragraph "k", section 421.17, subsection 31, section 252B.9, section 321.40, subsection 6, sections 321.120, 421.19, 421.28, 421.59, 421.65, 422.72, ~~and~~ 452A.63, and 556.19, subsection 2, this section, or another provision of law, a tax return, return

1 information, or investigative or audit information shall not be  
2 divulged to any person or entity, other than the taxpayer, the  
3 department, or internal revenue service for use in a matter  
4 unrelated to tax administration.

5 Sec. 4. Section 422.72, subsection 3, paragraph a, Code 2025,  
6 is amended to read as follows:

7 a. Unless otherwise expressly permitted by section 8G.4,  
8 section 11.41, section 96.11, subsection 6, section 421.17,  
9 subsections 22, 23, and 26, section 421.17, subsection 27,  
10 paragraph "k", section 421.17, subsection 31, section 252B.9,  
11 section 321.40, subsection 6, sections 321.120, 421.19, 421.28,  
12 421.65, 422.20, and 452A.63, and section 556.19, subsection 2,  
13 this section, or another provision of law, a tax return, return  
14 information, or investigative or audit information shall not be  
15 divulged to any person or entity, other than the taxpayer, the  
16 department, or internal revenue service for use in a matter  
17 unrelated to tax administration.

18 Sec. 5. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION II

21 ANNUAL REPORTING

22 Sec. 6. Section 421.60, subsection 2, paragraph k, Code 2025,  
23 is amended by striking the paragraph.

24 Sec. 7. Section 422.75, Code 2025, is amended to read as  
25 follows:

26 **422.75 Statistics — publication.**

27 The department shall prepare and publish an annual report  
28 which shall include statistics reasonably available, with respect  
29 to the operation of this chapter, including amounts collected,  
30 classification of taxpayers, and such other facts as are deemed  
31 pertinent and valuable. ~~The annual report shall also include~~  
32 ~~the reports and information required pursuant to section 421.60,~~  
33 ~~subsection 2, paragraph "k".~~

34 DIVISION III

35 PROPERTY TAX — CHANGES

1 Sec. 8. Section 425.20, subsection 3, Code 2025, is amended  
2 to read as follows:

3 3. In case of sickness, absence, or other disability of the  
4 claimant or if, in the judgment of the ~~director of revenue or~~  
5 ~~the director of health and human services, as applicable,~~ good  
6 cause exists and the claimant requests an extension, the director  
7 of health and human services may extend the time for filing a  
8 claim for reimbursement ~~and the director of revenue may extend~~  
9 ~~the time for filing a claim for credit.~~ However, any further  
10 time granted shall not extend beyond December 31 of the year  
11 following the year in which the claim was required to be filed.  
12 Claims filed as a result of this subsection shall be filed with  
13 the director of health and human services ~~or the director of~~  
14 ~~revenue, as applicable,~~ who shall provide for the reimbursement  
15 of the claim to the claimant.

16 Sec. 9. Section 445.60, Code 2025, is amended to read as  
17 follows:

18 **445.60 Refunding erroneous tax.**

19 The board of supervisors shall direct the county treasurer  
20 to refund to the taxpayer any tax or portion of a tax found  
21 to have been erroneously or illegally paid, with all interest,  
22 fees, and costs actually paid. A refund shall not be ordered or  
23 made unless a claim for refund is presented to the board within  
24 two years of the date the tax was due, or if appealed to the  
25 board of review, the property assessment appeal board, director  
26 of revenue, or district court, within two years of the final  
27 decision.

28 Sec. 10. EFFECTIVE DATE. The following, being deemed of  
29 immediate importance, takes effect upon enactment:

30 The section of this division of this Act amending section  
31 445.60.

32 DIVISION IV

33 FARM TENANCY INCOME TAX EXCLUSION

34 Sec. 11. Section 422.7, subsection 14, paragraph a, Code  
35 2025, is amended to read as follows:



1 tax attributes of the partnership or pass-through entity as  
2 determined pursuant to this chapter for the reviewed year. The  
3 department shall issue a notice of adjustment to the partnership  
4 or pass-through entity. Such notice shall be treated as an  
5 assessment for the purposes of section 422.25, and the notice  
6 shall be appealable, except as provided in section 422.25, by the  
7 partnership or pass-through entity pursuant to sections 422.28  
8 and 422.29 and shall be issued within the time period provided  
9 by section 422.25. Once the adjustments to partnership-related  
10 or pass-through entity-related items or reallocations of income,  
11 gains, losses, expenses, credits, and other attributes among  
12 such partners for the reviewed year are finally determined, the  
13 partnership or pass-through entity and any direct partners or  
14 indirect partners shall then be subject to the provisions of  
15 section 422.25, subsection 1, paragraph "e", and section 422.25A  
16 in the same manner as if the state partnership audit were a  
17 federal partnership level audit, and as if the final state  
18 partnership audit adjustment were a final federal partnership  
19 adjustment. The penalty exceptions in section 421.27, subsection  
20 2, paragraphs "b" and "c", shall not apply to a state partnership  
21 audit.

22 Sec. 14. EFFECTIVE DATE. This division of this Act, being  
23 deemed of immediate importance, takes effect upon enactment.

24 Sec. 15. RETROACTIVE APPLICABILITY. This division of this  
25 Act applies retroactively to January 1, 2024.

26 DIVISION VI

27 SALES TAX CHANGES

28 Sec. 16. Section 423.2, subsection 1, paragraph b, Code 2025,  
29 is amended to read as follows:

30 b. (1) Sales of building materials, supplies, and equipment  
31 to owners, ~~contractors, subcontractors, or builders for the~~  
32 ~~erection of buildings or the alteration, repair, or improvement~~  
33 ~~of real property~~ are retail sales of tangible personal property  
34 ~~in whatever quantity sold. Where the owner, contractor,~~  
35 ~~subcontractor, or builder is also a retailer holding a sales~~

~~1 or use tax permit and transacting retail sales of building  
2 materials, supplies, and equipment, the person shall purchase  
3 such items of tangible personal property without liability for  
4 the tax if such property will be subject to the tax at the  
5 time of resale or at the time it is withdrawn from inventory  
6 for construction purposes. The sales tax shall be due in the  
7 reporting period when the materials, supplies, and equipment  
8 are withdrawn from inventory for construction purposes or when  
9 sold at retail. The tax shall not be due when materials are  
10 withdrawn from inventory for use in construction outside of  
11 Iowa and the tax shall not apply to tangible personal property  
12 purchased and consumed by the manufacturer as building materials  
13 in the performance by the manufacturer or its subcontractor of  
14 construction outside of Iowa. The sale of carpeting is not a  
15 sale of building materials. The sale of carpeting to owners,  
16 contractors, subcontractors, or builders shall be treated as  
17 the sale of ordinary tangible personal property and subject to  
18 the tax imposed under this subsection and the use tax Sales of  
19 building materials and supplies to contractors, subcontractors,  
20 or builders for the erection of buildings and other structures  
21 or for the reconstruction, alteration, expansion, or remodeling  
22 of buildings and other structures are retail sales of tangible  
23 personal property. Sales of building materials and supplies to  
24 contractors, subcontractors, or builders for use in repairs to  
25 or for installation in existing buildings and other structures  
26 are purchases for resale. Sales of building equipment to  
27 contractors, subcontractors, or builders are retail sales of  
28 tangible personal property.~~

29 (2) Where the owner, contractor, subcontractor, or builder  
30 is also a retailer holding a sales and use tax permit and  
31 transacting retail sales of building materials, supplies, and  
32 equipment, the person shall purchase such items of tangible  
33 personal property without liability for the tax if such property  
34 will be subject to sales tax at the time of resale or subject  
35 to use tax at the time the retailer withdraws such property

1 from inventory for use by the retailer in erecting buildings and  
2 other structures or for reconstruction, alteration, expansion,  
3 or remodeling of buildings and other structures. The tax shall  
4 be due in the reporting period when the materials, supplies,  
5 or equipment are withdrawn from inventory or when sold at  
6 retail. The tax shall not be due when materials and supplies are  
7 withdrawn from inventory for use in construction outside of Iowa.

8 (3) The sale of carpeting is not a sale of building  
9 materials. Sales of carpeting to owners, contractors,  
10 subcontractors, or builders are retail sales of tangible personal  
11 property and subject to tax.

12 Sec. 17. Section 423.36, subsection 9, paragraph a, Code  
13 2025, is amended to read as follows:

14 a. Except as provided in paragraph "b", purchasers, users,  
15 and consumers of tangible personal property, specified digital  
16 products, or enumerated services taxed pursuant to subchapter  
17 II or III of this chapter or chapter 423B may be authorized,  
18 pursuant to rules adopted by the director, to remit tax owed  
19 directly to the department instead of the tax being collected and  
20 paid by the seller. To qualify for a direct pay tax permit, the  
21 purchaser, user, or consumer must accrue a tax liability of more  
22 than ~~four~~ eight thousand dollars in tax under subchapters II and  
23 III in a ~~semimonthly~~ monthly period and make deposits and file  
24 returns pursuant to section 423.31. This authority shall not  
25 be granted or exercised except upon application to the director  
26 and then only after issuance by the director of a direct pay tax  
27 permit.

28 DIVISION VII

29 MOTOR FUEL TAXES

30 Sec. 18. Section 452A.3, subsection 1, paragraph b,  
31 unnumbered paragraph 1, Code 2025, is amended to read as follows:

32 On and after July 1, 2030, an excise tax of thirty cents is  
33 imposed on each gallon of ethanol blended gasoline classified as  
34 E-15 or higher. Before July 1, 2030, the rate of the excise  
35 tax on ethanol blended gasoline classified as E-15 or higher

1 shall be based on the number of gallons of ethanol blended  
2 gasoline classified as E-15 or higher that are distributed in  
3 this state as expressed as a percentage of the number of gallons  
4 of motor fuel distributed in this state, which is referred to  
5 as the distribution percentage. For purposes of this paragraph  
6 "b", only ethanol blended gasoline and nonblended gasoline, not  
7 including aviation gasoline, shall be used in determining the  
8 percentage basis for the excise tax. The department shall  
9 determine the percentage basis for each determination period  
10 beginning January 1 and ending December 31 based on information  
11 from reports submitted to the department for filing pursuant to  
12 section 452A.33. Before June 1, the department may amend the  
13 distribution percentage due to a mistake, if there is a late  
14 report filed by a retail dealer to the department under section  
15 452A.33, subsection 1, or if the distribution percentage is not  
16 accurate. The rate for the excise tax shall apply for the period  
17 beginning July 1 and ending June 30 following the end of the  
18 determination period. Before July 1, 2030, the rate of the  
19 excise tax on each gallon of ethanol blended gasoline classified  
20 as E-15 or higher shall be as follows:

21 Sec. 19. Section 452A.3, subsection 3, paragraph a,  
22 subparagraph (2), unnumbered paragraph 1, Code 2025, is amended  
23 to read as follows:

24 Except as otherwise provided in this section and in this  
25 subchapter, this subparagraph shall apply to the excise tax  
26 imposed on each gallon of biodiesel blended fuel classified  
27 as B-20 or higher used for any purpose for the privilege of  
28 operating motor vehicles in this state. On and after July 1,  
29 2030, the rate of the excise tax on each gallon of biodiesel  
30 blended fuel classified as B-20 or higher is thirty-two and  
31 five-tenths cents. Before July 1, 2030, the rate of the excise  
32 tax on each gallon of biodiesel blended fuel classified as  
33 B-20 or higher shall be based on the number of gallons of  
34 biodiesel blended fuel classified as B-20 or higher that are  
35 distributed in this state as expressed as a percentage of the

1 number of gallons of special fuel for diesel engines of motor  
2 vehicles distributed in this state, which is referred to as  
3 the distribution percentage. The department shall determine  
4 the percentage basis for each determination period beginning  
5 January 1 and ending December 31 based on information from  
6 reports submitted to the department for filing pursuant to  
7 section 452A.33. Before June 1, the department may amend the  
8 distribution percentage due to a mistake, if there is a late  
9 report filed by a retail dealer to the department under section  
10 452A.33, subsection 1, or if the distribution percentage is not  
11 accurate. The rate of the excise tax shall apply for the period  
12 beginning July 1 and ending June 30 following the end of the  
13 determination period. Before July 1, 2030, the rate of the  
14 excise tax on each gallon of biodiesel blended fuel classified  
15 as B-20 or higher shall be as follows:

16 Sec. 20. Section 452A.15, subsection 5, Code 2025, is amended  
17 to read as follows:

18 5. The director may impose a civil penalty against any person  
19 who fails to timely file the reports or keep the records required  
20 under this section. The penalty shall be one hundred dollars for  
21 the first violation and shall increase by one hundred dollars for  
22 each additional violation occurring in the calendar year in which  
23 the first violation occurred.

24 Sec. 21. Section 452A.33, subsection 2, unnumbered paragraph  
25 1, Code 2025, is amended to read as follows:

26 On or before April 1 the department shall deliver a report to  
27 the governor and the legislative services agency. Before June 1,  
28 the department may amend the report due to a mistake, if there  
29 is a late report by a retail dealer under subsection 1, or if  
30 the report is not accurate. The report shall compile information  
31 reported by retail dealers to the department as provided in this  
32 section and shall at least include all of the following:

33 Sec. 22. Section 452A.41, subsection 5, paragraph a, Code  
34 2025, is amended to read as follows:

35 a. For the purpose of determining the amount of liability

1 for the electric fuel tax, each dealer and user shall file with  
2 the department not later than July 31 for the period beginning  
3 January 1 and ending June 30, and not later than January 30  
4 31 for the period beginning July 1 and ending December 30  
5 31, a biannual tax return certified under penalties for false  
6 certification. The return shall show, with reference to each  
7 location at which fuel is delivered or placed by the dealer or  
8 user into the battery or other energy storage device of any  
9 electric motor vehicle during the next preceding six calendar  
10 months, information as required by the department. On and after  
11 January 1, 2026, the department may require by rule that such tax  
12 returns be filed quarterly.

13 Sec. 23. Section 452A.44, Code 2025, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 4. If electric fuel is sold or dispensed for  
16 a nontaxable purpose, the purchaser may complete and provide an  
17 exemption certificate produced by the department to the license  
18 holder.

19 DIVISION VIII

20 INHERITANCE TAX — FUTURE CODE CHANGES DUE TO REPEAL

21 Sec. 24. Section 12D.9, subsection 3, Code 2025, is amended  
22 to read as follows:

23 3. State For a death occurring before January 1, 2025,  
24 state inheritance tax treatment of interests in Iowa educational  
25 savings plans shall be as provided in section 450.4, subsection  
26 8. This subsection shall apply to all Iowa educational savings  
27 plans existing on or after July 1, 1998.

28 Sec. 25. Section 12I.8, subsection 3, Code 2025, is amended  
29 to read as follows:

30 3. State For a death occurring before January 1, 2025, state  
31 inheritance tax treatment of interests in Iowa ABLE savings plans  
32 shall be as provided in section 450.4, subsection 9.

33 Sec. 26. Section 12I.10, subsection 3, Code 2025, is amended  
34 to read as follows:

35 3. State For a death occurring before January 1, 2025, state

1 inheritance tax treatment of interests in the qualified ABLE  
2 program with which the state has contracted pursuant to this  
3 section shall be as provided in section 450.4, subsection 9.

4 Sec. 27. Section 16.177, subsection 8, Code 2025, is amended  
5 to read as follows:

6 8. Bonds issued under this section are declared to be issued  
7 for an essential public and governmental purpose and all bonds  
8 issued under this section shall be exempt from taxation by the  
9 state of Iowa and the interest on the bonds shall be exempt from  
10 the state income tax and ~~the~~ any state inheritance tax.

11 Sec. 28. Section 321.47, subsection 2, paragraph a, Code  
12 2025, is amended to read as follows:

13 a. The persons entitled under the laws of descent and  
14 distribution to the possession and ownership of a vehicle owned  
15 in whole or in part by a decedent who died intestate, upon  
16 filing an affidavit stating the name and date of death of the  
17 decedent, the right to possession and ownership of the persons  
18 filing the affidavit, and that there has been no administration  
19 of the decedent's estate, which instrument must also contain  
20 an agreement by the affiant to indemnify creditors of the  
21 decedent who would be entitled to levy execution upon the motor  
22 vehicle to the extent of the value of the motor vehicle, shall,  
23 upon complying with the other title transfer requirements of  
24 this chapter, be issued a registration card for the decedent's  
25 interest in the vehicle and a certificate of title to the  
26 vehicle. If a decedent died testate, and either the will is  
27 not probated or is admitted to probate without administration,  
28 the persons entitled to the possession and ownership of a vehicle  
29 owned in whole or in part by the decedent may file an affidavit  
30 and, upon complying with the other title transfer requirements  
31 of this chapter, shall be issued a registration card for the  
32 decedent's interest in the vehicle and a certificate of title  
33 to the vehicle. The affidavit must contain the same information  
34 and indemnity agreement as is required in cases of intestacy  
35 under this subsection. ~~Chapter 450 is not~~ For a death occurring

1 before January 1, 2025, a requirement of chapter 450 shall not  
2 be considered satisfied by the filing of the affidavit provided  
3 for in this subsection. If, from the records in the office  
4 of the county treasurer, there appear to be any liens on the  
5 vehicle, the certificate of title must contain a statement of the  
6 liens unless the application is accompanied by proper evidence  
7 of the satisfaction or extinction of such liens. Evidence of  
8 extinction includes but is not limited to an affidavit of the  
9 applicant stating that a security interest was foreclosed as  
10 provided in chapter 554, article 9, part 6. The department shall  
11 waive the certificate of title fee and surcharge required under  
12 sections 321.20, 321.20A, 321.23, 321.46, 321.52, and 321.52A if  
13 the person entitled to possession and ownership of a vehicle,  
14 as provided in this subsection, is the surviving spouse of a  
15 decedent.

16 Sec. 29. Section 331.602, subsection 23, Code 2025, is  
17 amended to read as follows:

18 23. ~~Forward~~ For deaths occurring before January 1, 2025,  
19 forward to the director of revenue a copy of any deed, bill of  
20 sale, or other transfer which shows that it is made or intended  
21 to take effect at or after the death of the person executing the  
22 instrument as provided in section 450.81.

23 Sec. 30. Section 331.756, subsection 57, Code 2025, is  
24 amended to read as follows:

25 57. ~~Represent~~ For deaths occurring before January 1, 2025,  
26 represent the state in litigation relating to the inheritance tax  
27 if requested by the department of revenue as provided in section  
28 450.1.

29 Sec. 31. Section 421.27, subsection 1, paragraph d,  
30 subparagraph (13), Code 2025, is amended to read as follows:

31 (13) ~~That~~ For a death occurring before January 1, 2025,  
32 that an Iowa inheritance tax return is filed for an estate  
33 within the later of nine months from the date of death or sixty  
34 days from the filing of a disclaimer by the beneficiary of the  
35 estate refusing to take the property or right or interest in the

1 property.

2 Sec. 32. Section 421.60, subsection 2, paragraph c,  
3 subparagraph (1), Code 2025, is amended to read as follows:

4 (1) If the notice of assessment or denial of a claim for  
5 refund relates to a tax return filed pursuant to section 422.14,  
6 or pursuant to chapter 450 for a death occurring before January  
7 1, 2025, by the taxpayer which designates an individual as an  
8 authorized representative of the taxpayer with respect to that  
9 return, or if a power of attorney has been filed with the  
10 department by the taxpayer which designates an individual as an  
11 authorized representative of the taxpayer with respect to any tax  
12 that is included in the notice of assessment or denial of a claim  
13 for refund, a copy of the notice together with any additional  
14 information required to be sent to the taxpayer shall be sent to  
15 the authorized representative as well.

16 Sec. 33. Section 422.27, subsection 1, Code 2025, is amended  
17 to read as follows:

18 1. A final account of a personal representative, ~~as defined~~  
19 ~~in section 450.1,~~ shall not be allowed by any court unless the  
20 account shows, and the judge of the court finds, that all taxes  
21 imposed by this subchapter upon the personal representative,  
22 which have become payable, have been paid, and that all taxes  
23 which may become due are secured by bond or deposit, or are  
24 otherwise secured. The certificate of acquittances of the  
25 department of revenue is conclusive as to the payment of the tax  
26 to the extent of the acquittance. This subsection does not apply  
27 if all property in the estate of a decedent is held in joint  
28 tenancy with right of survivorship by husband and wife alone.  
29 For purposes of this subsection, "personal representative" means  
30 an administrator, executor, or trustee as each is defined in  
31 section 633.3.

32 Sec. 34. Section 496C.14, subsection 6, paragraph h, Code  
33 2025, is amended to read as follows:

34 h. Notwithstanding the provisions of this section, payment  
35 of any part of the purchase price for shares of a deceased

1 shareholder shall not be required until the executor or  
2 administrator of the deceased shareholder provides any indemnity,  
3 release, or other document from any taxing authority, which is  
4 reasonably necessary to protect the corporation against liability  
5 for any estate, inheritance, and death taxes tax, or any  
6 inheritance tax for a death occurring before January 1, 2025.

7 Sec. 35. Section 524.805, subsection 8, Code 2025, is amended  
8 to read as follows:

9 8. A state bank may receive deposits from one or more persons  
10 with the provision that upon the death of the depositors the  
11 deposit account shall be the property of the person or persons  
12 designated by the deceased depositors as shown on the deposit  
13 account records of the state bank. After payment by the state  
14 bank, the proceeds shall remain subject to the any debts of the  
15 decedent and the any payment of Iowa inheritance tax, if any for  
16 a death occurring prior to January 1, 2025. A state bank paying  
17 the person or persons designated shall not be liable as a result  
18 of that action for any debts of the decedent or for any estate,  
19 inheritance, or succession taxes which may be due this state.

20 Sec. 36. Section 541A.2, subsection 6, unnumbered paragraph  
21 1, Code 2025, is amended to read as follows:

22 An individual development account closed in accordance with  
23 this subsection is not subject to the limitations and benefits  
24 provided by this chapter but is subject to state tax in  
25 accordance with the provisions of section 422.7, subsection  
26 17, and in accordance with the provisions of section 450.4,  
27 subsection 6, for a death occurring before January 1, 2025.  
28 An individual development account may be closed for any of the  
29 following reasons:

30 Sec. 37. Section 602.8102, subsection 63, Code 2025, is  
31 amended to read as follows:

32 63. Carry out duties relating to the inheritance tax as  
33 provided in chapter 450 for deaths occurring before January 1,  
34 2025.

35 Sec. 38. Section 633.21, Code 2025, is amended to read as

1 follows:

2 **633.21 Appraisers' fees and referees' fees fixed by rule.**

3 The district judges of each judicial district shall by rule  
4 fix the fees of probate referees, and also provide, insofar as  
5 practicable, a uniform schedule of compensation for inheritance  
6 tax appraisers, other appraisers, brokers, and agents employed at  
7 estate expense.

8 Sec. 39. Section 633.31, subsection 2, paragraph a, Code  
9 2025, is amended to read as follows:

10 a. For services performed in short form probates  
11 pursuant to sections 450.22 and 450.44 for deaths occurring  
12 before January 1, 2025..... \$ 15.00

13 Sec. 40. Section 633.356, subsection 1, unnumbered paragraph  
14 1, Code 2025, is amended to read as follows:

15 When the gross value of the decedent's personal property that  
16 would otherwise be distributed by will or intestate succession  
17 is or has been, at any time since the decedent's death, fifty  
18 thousand dollars or less and there is no real property, or for  
19 deaths occurring before January 1, 2025, the real property passes  
20 to persons exempt from inheritance tax as joint tenants with full  
21 rights of survivorship pursuant to chapter 450, and if forty days  
22 have elapsed since the death of the decedent, a successor as  
23 defined in subsection 2 may, by furnishing an affidavit prepared  
24 pursuant to subsection 3 or 8, and without procuring letters of  
25 appointment, do any of the following with respect to one or more  
26 items of such personal property:

27 Sec. 41. Section 633.356, subsection 3, paragraph a,  
28 subparagraph (3), Code 2025, is amended to read as follows:

29 (3) That the gross value of the decedent's personal property  
30 that would otherwise be distributed by will or intestate  
31 succession is, or has been at any time since the decedent's  
32 death, fifty thousand dollars or less and there is no real  
33 property, or for deaths occurring before January 1, 2025, the  
34 real property passes to persons exempt from inheritance tax  
35 as joint tenants with full rights of survivorship pursuant to

1 chapter 450.

2     Sec. 42. Section 633.356, subsection 3, paragraph a,  
3 subparagraph (10), Code 2025, is amended to read as follows:

4     (10) That no inheritance or other taxes are owed to the  
5 department of revenue for a death occurring prior to January 1,  
6 2025, or if taxes are owed, that the taxes will be paid to the  
7 extent of funds received pursuant to the affidavit.

8     Sec. 43. Section 633.356, subsection 9, Code 2025, is amended  
9 to read as follows:

10     9. Upon receipt of an affidavit under subsection 3 and  
11 reasonable proof under subsection 5 of the identity of each  
12 successor seeking distribution by virtue of the affidavit, the  
13 holder of the property shall disclose to the affiant whether  
14 the value of the property held by the holder is, or has been  
15 at any time since the decedent's death, fifty thousand dollars  
16 or less. An affidavit furnished for the purpose of determining  
17 whether the value of the property is, or has been at any  
18 time since the decedent's death, fifty thousand dollars or  
19 less need not contain the language required under subsection 3,  
20 paragraph "a", subparagraph (3), but shall state that the affiant  
21 reasonably believes that the gross value of the decedent's  
22 personal property that would otherwise be distributed by will  
23 or intestate succession is, or has been at any time since the  
24 decedent's death, fifty thousand dollars or less and there is  
25 no real property or for deaths occurring before January 1, 2025,  
26 the real property passes to persons exempt from inheritance tax  
27 as joint tenants with full rights of survivorship pursuant to  
28 chapter 450.

29     Sec. 44. Section 633.361, subsection 12, Code 2025, is  
30 amended to read as follows:

31     12. A listing of all other items, with estimated values,  
32 which are subject to ~~Iowa~~ inheritance tax for deaths occurring  
33 before January 1, 2025, or federal estate tax.

34     Sec. 45. Section 633.365, Code 2025, is amended to read as  
35 follows:

1       **633.365 Appraisement.**

2       Property belonging to the estate need not be appraised unless  
3 required for inheritance tax purposes for deaths occurring before  
4 January 1, 2025, under the provisions of this probate code, or by  
5 order of court.

6       Sec. 46. Section 633.399, Code 2025, is amended to read as  
7 follows:

8       **633.399 Report for approval.**

9       After making any such sale, mortgage, exchange or lease of  
10 real property, the personal representative shall make a verified  
11 report thereof to the court. The court shall examine said  
12 report, and if satisfied that the sale, mortgage, exchange, or  
13 lease has been at a price and upon terms advantageous to the  
14 estate, and, in all respects, made in conformity with law, and  
15 that it ought to be confirmed, shall confirm the same and order  
16 the personal representative to deliver a deed, mortgage, lease  
17 or other proper instruments to the persons entitled thereto;  
18 provided, however, that in the event said real property has been  
19 sold at private sale without an appraisal for inheritance tax  
20 purposes for a death occurring before January 1, 2025, or for  
21 purpose of such sale, or, if it has been so appraised and has  
22 been sold at private sale for less than the appraised value  
23 thereof, then, upon the filing of such report, the court may  
24 enter an order fixing a time and place for hearing thereon  
25 and prescribe a notice of such hearing to be served upon all  
26 interested persons, any one of whom, prior to the time fixed  
27 for such hearing, may file written objections to the entry of  
28 an order approving said sale. If not satisfied that the sale,  
29 mortgage, exchange, or lease has been made in conformity with law  
30 and that it is to the best interests of the estate, the court  
31 may reject the sale, mortgage, exchange, or lease, and enter such  
32 orders as the court may deem advisable.

33       Sec. 47. Section 633.477, subsection 10, Code 2025, is  
34 amended to read as follows:

35       10. A statement as to whether or not all statutory

1 requirements pertaining to taxes have been complied with  
2 including whether the federal estate tax due has been paid,  
3 whether a lien continues to exist for any federal estate tax, and  
4 whether inheritance tax was paid or a return was filed in this  
5 state for a death occurring before January 1, 2025.

6 Sec. 48. Section 633.479, subsection 2, paragraph a,  
7 subparagraph (5), Code 2025, is amended to read as follows:

8 (5) Compliance with ~~sections~~ section 422.27, and section  
9 450.58 for deaths occurring before January 1, 2025, have been  
10 fulfilled.

11 Sec. 49. Section 633.481, Code 2025, is amended to read as  
12 follows:

13 **633.481 Certificate to county recorder for tax purposes**  
14 **without administration.**

15 When an inventory or report is filed under section 450.22 for  
16 deaths occurring before January 1, 2025, without administration  
17 of the estate of the decedent, the heir or heir's attorney shall  
18 prepare and deliver to the county recorder of the county in which  
19 the real estate is situated a certificate pertaining to each  
20 parcel of real estate described in the inventory or report. Any  
21 fees for certificates or recording fees required by this section  
22 or section 633.480 shall be assessed as costs of administration.  
23 The fees for recording and indexing the instrument shall be as  
24 provided in section 331.604. The county recorder shall deliver  
25 the certificates to the county auditor as provided in section  
26 558.58.

27 Sec. 50. Section 635.7, subsection 1, Code 2025, is amended  
28 to read as follows:

29 1. The personal representative is required to file the report  
30 and inventory for which provision is made in section 633.361,  
31 including all probate and nonprobate assets. This chapter does  
32 not exempt the personal representative from complying with the  
33 requirements of section 422.27, ~~450.22, 450.58,~~ 633.480, or  
34 633.481, and the administration of an estate whether converted  
35 to or from a small estate shall be considered one proceeding

1 pursuant to section 633.330. For a death occurring before  
2 January 1, 2025, this chapter does not exempt the personal  
3 representative from complying with the requirements of section  
4 450.22 or 450.58.

5 Sec. 51. Section 635.8, subsection 1, paragraph e, Code 2025,  
6 is amended to read as follows:

7 e. A statement that all statutory requirements pertaining to  
8 taxes have been complied with, including whether federal estate  
9 tax due has been paid, whether a lien continues to exist for any  
10 federal estate tax, and whether inheritance tax was paid or a  
11 tax return was filed in this state for a death occurring before  
12 January 1, 2025.

13 Sec. 52. Section 654.16, subsection 2, Code 2025, is amended  
14 to read as follows:

15 2. If a homestead is designated, the court shall determine  
16 the fair market value of the designated homestead before the  
17 sheriff's sale. The court may consult with the county appraisers  
18 appointed pursuant to section 450.24 for deaths occurring before  
19 January 1, 2025, or with one or more independent appraisers, to  
20 determine the fair market value of the designated homestead.

21 Sec. 53. EFFECTIVE DATE. This division of this Act, being  
22 deemed of immediate importance, takes effect upon enactment.

23 Sec. 54. RETROACTIVE APPLICABILITY. This division of this  
24 Act applies retroactively to January 1, 2025, to the estates of  
25 decedents dying on or after January 1, 2025.

26 DIVISION IX

27 LUMP SUM DISTRIBUTION OF RETIREMENT INCOME

28 Sec. 55. Section 422.5, subsection 7, Code 2025, is amended  
29 to read as follows:

30 7. a. In addition to the other taxes imposed by this  
31 section, a tax is imposed, except under paragraph "b", on the  
32 amount of a lump sum distribution for which the taxpayer has  
33 elected under section 402(e) of the Internal Revenue Code to  
34 be separately taxed for federal income tax purposes for the  
35 tax year. The rate of tax is equal to twenty-five percent of

1 the separate federal tax imposed on the amount of the lump sum  
2 distribution. A nonresident is liable for this tax only on that  
3 portion of the lump sum distribution allocable to Iowa. The  
4 total amount of the lump sum distribution subject to separate  
5 federal tax shall be included in net income for purposes of  
6 determining eligibility under subsections 2 and 3, as applicable,  
7 except the amount of the lump sum distribution exempt from state  
8 tax in paragraph "b" shall not be included.

9 b. The amount of a lump sum distribution that is received  
10 from a governmental or other pension or retirement plan,  
11 including defined benefit or defined contribution plans,  
12 annuities, individual retirement accounts, plans maintained or  
13 contributed to by an employer, or maintained or contributed to by  
14 a self-employed person as an employer, and deferred compensation  
15 plans or any earnings attributable to the deferred compensation  
16 plans is exempt from state tax imposed under paragraph "a" if  
17 received by a person who is disabled, or is fifty-five years of  
18 age or older, or is the surviving spouse of an individual or is a  
19 survivor having an insurable interest in an individual who would  
20 have qualified for the exemption under this subsection for the  
21 tax year.

22 Sec. 56. EFFECTIVE DATE. This division of this Act, being  
23 deemed of immediate importance, takes effect upon enactment.

24 Sec. 57. RETROACTIVE APPLICABILITY. This division of this  
25 Act applies retroactively to January 1, 2025, for tax years  
26 beginning on or after that date.

27 DIVISION X

28 ESTIMATED TAX THRESHOLD

29 Sec. 58. Section 422.16, subsection 12, paragraph a,  
30 subparagraph (1), Code 2025, is amended to read as follows:

31 (1) Taxpayers filing a return shall make estimated tax  
32 payments if their Iowa income tax liability can reasonably be  
33 expected to amount to ~~two hundred~~ one thousand dollars or more  
34 for the year.

35 Sec. 59. EFFECTIVE DATE. This division of this Act takes

1 effect January 1, 2026.

2 Sec. 60. APPLICABILITY. This division of this Act applies to  
3 tax years beginning on or after January 1, 2026.

4 DIVISION XI

5 TAX EXPENDITURE REVIEW

6 Sec. 61. Section 2.48, subsection 2, paragraph a,  
7 subparagraph (1), Code 2025, is amended to read as follows:

8 (1) The department administering a tax expenditure described  
9 in subsection 3 shall engage in a review of the tax expenditure  
10 based upon the schedule in subsection 3, unless the tax  
11 expenditure is repealed. For purposes of this section, a tax  
12 expenditure is considered repealed if a zero amount remains  
13 available to be awarded, issued, or claimed under law.

14 If multiple departments administer the tax expenditure, the  
15 departments shall cooperate in the review.

16 Sec. 62. Section 2.48, subsection 3, paragraph b,  
17 subparagraph (1), Code 2025, is amended by striking the  
18 subparagraph.

19 Sec. 63. Section 2.48, subsection 3, paragraph d,  
20 subparagraphs (3) and (5), Code 2025, are amended by striking the  
21 subparagraphs.

22 Sec. 64. Section 2.48, subsection 3, paragraph e,  
23 subparagraph (4), Code 2025, is amended by striking the  
24 subparagraph.

25 Sec. 65. 2017 Iowa Acts, chapter 29, section 169, is amended  
26 to read as follows:

27 SEC. 169. EFFECTIVE DATE. The following provision or  
28 provisions in Division I of this Act take effect July 1, ~~2030~~  
29 2039:

30 1. The section of this Act amending section 2.48, subsection  
31 3, paragraph "h".

32 DIVISION XII

33 LIMITATIONS ON SALES TAX EXEMPTIONS AND REFUNDS AND TRANSFERS TO  
34 THE ENERGY INFRASTRUCTURE REVOLVING FUND

35 Sec. 66. Section 423.2A, subsection 2, Code 2025, is amended

1 by adding the following new paragraph:

2 NEW PARAGRAPH. h. Beginning July 1, 2025, transfer to the  
3 energy infrastructure revolving loan fund under section 476.46A  
4 the portion of sales tax revenues attributable to the expiration  
5 of the exemption period specified in all of the following:

6 (1) Section 423.3, subsection 92, paragraph "a", subparagraph  
7 (2) or (3).

8 (2) Section 423.3, subsection 93, paragraph "a", subparagraph  
9 (2) or (3).

10 (3) Section 423.3, subsection 95, paragraph "a", subparagraph  
11 (2) or (3).

12 Sec. 67. Section 423.3, subsection 92, paragraph a,  
13 subparagraphs (2) and (3), Code 2025, are amended to read as  
14 follows:

15 (2) (a) The sales price of backup power generation fuel,  
16 that is purchased by a web search portal business for use in the  
17 items listed in subparagraph (1).

18 (b) The duration of the exemption allowed under this  
19 subparagraph shall be for the following time periods:

20 (i) For backup power generation fuel purchased in connection  
21 with real property for a web search portal that began operating  
22 prior to the effective date of this division of this Act, there  
23 shall be no limitation on the duration of the exemption.

24 (ii) For backup power generation fuel purchased by a web  
25 search portal in connection with real property with new  
26 construction upon the property completed on or after the  
27 effective date of this division of this Act, or additions upon  
28 existing property on or after the effective date of this division  
29 of this Act, and such property is located entirely or in part  
30 within a city having a population of more than thirty thousand,  
31 according to the most recent decennial federal census, the first  
32 ten years of operation in connection with the new construction or  
33 addition upon the existing property.

34 (iii) For backup power generation fuel purchased by a  
35 web search portal in connection with real property with new

1 construction upon the property completed on or after the  
2 effective date of this division of this Act, or additions upon  
3 existing property on or after the effective date of this division  
4 of this Act, and such property of such a web portal business is  
5 not located entirely or in part within a city having a population  
6 of more than thirty thousand, according to the most recent  
7 decennial federal census, the first fifteen years of operation  
8 in connection with the new construction or addition upon the  
9 existing property.

10 (3) (a) The sales price of electricity purchased for use in  
11 providing a web search portal.

12 (b) The duration of the exemption allowed under this  
13 subparagraph shall be for the following time periods:

14 (i) For electricity purchased in connection with real  
15 property for web search portals that began operating prior to the  
16 effective date of this division of this Act, there shall be no  
17 limitation on the duration of the exemption.

18 (ii) For electricity purchased by a web search portal in  
19 connection with real property with new construction upon the  
20 property completed on or after the effective date of this  
21 division of this Act, or additions upon existing property on or  
22 after the effective date of this division of this Act, and such  
23 property is located entirely or in part within a city having a  
24 population of more than thirty thousand, according to the most  
25 recent decennial federal census, the first ten years of operation  
26 in connection with the new construction or addition upon the  
27 existing property.

28 (iii) For electricity purchased by a web search portal in  
29 connection with real property with new construction upon the  
30 property completed on or after the effective date of this  
31 division of this Act, or additions upon existing property on  
32 or after the effective date of this division of this Act, and  
33 such property is not located entirely or in part within a city  
34 having a population of more than thirty thousand, according to  
35 the most recent decennial federal census, the first fifteen years

1 of operation in connection with the new construction or addition  
2 upon the existing property.

3 Sec. 68. Section 423.3, subsection 92, paragraph b, Code  
4 2025, is amended by adding the following new subparagraphs:

5 NEW SUBPARAGRAPH. (5) The web search portal business shall  
6 register with the department as a web search portal. To maintain  
7 its registration, the web search portal business shall file an  
8 annual report with the department, by January 31, 2026, and by  
9 each January 31 thereafter. The annual report shall describe  
10 the backup power generation fuel and electricity purchased and  
11 used in the previous calendar year for the purposes described  
12 in paragraph "a", subparagraphs (2) and (3), and any other  
13 information the department requires.

14 NEW SUBPARAGRAPH. (6) Beginning after January 31, 2026, when  
15 purchasing exempt property under paragraph "a", the web search  
16 portal business shall present an exemption certificate, issued  
17 annually to the web search portal business after filing the  
18 annual report pursuant to subparagraph (5), to the retailer.

19 Sec. 69. Section 423.3, subsection 92, paragraph e, Code  
20 2025, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (03) "Site preparation activities" means  
22 the same as defined in subsection 95.

23 Sec. 70. Section 423.3, subsection 93, paragraph a,  
24 subparagraphs (2) and (3), Code 2025, are amended to read as  
25 follows:

26 (2) (a) The sales price of backup power generation fuel,  
27 that is purchased by a web search portal business for use in the  
28 items listed in subparagraph (1).

29 (b) The duration of the exemption allowed under this  
30 subparagraph shall be for the following time periods:

31 (i) For backup power generation fuel purchased and used in  
32 connection with real property for a web search portal business  
33 that began operating prior to the effective date of this division  
34 of this Act, there shall be no limitation on the duration of the  
35 exemption.

1     (ii) For backup power generation fuel purchased by a web  
2 search portal business in connection with real property with  
3 new construction upon the property completed on or after the  
4 effective date of this division of this Act, or additions upon  
5 existing property on or after the effective date of this division  
6 of this Act, and such property is located entirely or in part  
7 within a city having a population of more than thirty thousand,  
8 according to the most recent decennial federal census, the first  
9 ten years of operation in connection with the new construction or  
10 addition to the existing property.

11     (iii) For backup power generation fuel purchased by a web  
12 search portal business in connection with real property with  
13 new construction upon the property completed on or after the  
14 effective date of this division of this Act, or additions  
15 upon existing real property on or after the effective date  
16 of this division of this Act, and such real property is not  
17 located entirely or in part within a city having a population  
18 of more than thirty thousand, according to the most recent  
19 decennial federal census, the first fifteen years of operation in  
20 connection with the new construction or addition to the existing  
21 property.

22     (3) (a) The sales price of electricity purchased for use by  
23 a web search portal business.

24     (b) The duration of the exemption allowed under this  
25 subparagraph shall be for the following time periods:

26     (i) For electricity purchased and used in connection with  
27 real property for a web search portal business that began  
28 operating prior to the effective date of this division of  
29 this Act, there shall be no limitation on the duration of the  
30 exemption.

31     (ii) For electricity purchased by a web search portal  
32 business in connection with real property with new construction  
33 upon the property completed on or after the effective date of  
34 this division of this Act, or additions upon existing property  
35 on or after the effective date of this division of this Act,

1 and such property is located entirely or in part within a city  
2 having a population of more than thirty thousand, according to  
3 the most recent decennial federal census, the first ten years of  
4 operation in connection with the new construction or addition to  
5 the existing property.

6 (iii) For electricity purchased by a web search portal  
7 business in connection with real property with new construction  
8 upon the property completed on or after the effective date of  
9 this division of this Act, or additions upon existing property  
10 on or after the effective date of this division of this Act, and  
11 such property is not located entirely or in part within a city  
12 having a population of more than thirty thousand, according to  
13 the most recent decennial federal census, the first fifteen years  
14 of operation in connection with the new construction or addition  
15 to the existing property.

16 Sec. 71. Section 423.3, subsection 93, paragraph b, Code  
17 2025, is amended by adding the following new subparagraphs:

18 NEW SUBPARAGRAPH. (5) The web search portal business shall  
19 register with the department as a web search portal business.  
20 To maintain its registration, the web search portal business  
21 shall file an annual report with the department, by January 31,  
22 2026, and by each January 31 thereafter. The annual report  
23 shall describe the backup power generation fuel and electricity  
24 purchased and used in the previous calendar year for the purposes  
25 described in paragraph "a", subparagraphs (2) and (3), and any  
26 other information the department requires.

27 NEW SUBPARAGRAPH. (6) Beginning after January 31, 2026, when  
28 purchasing exempt property under paragraph "a", the web search  
29 portal business shall present an exemption certificate, issued  
30 annually to the web search portal business after filing the  
31 annual report pursuant to subparagraph (5) to the retailer.

32 Sec. 72. Section 423.3, subsection 93, paragraph e, Code  
33 2025, is amended by adding the following new subparagraph:

34 NEW SUBPARAGRAPH. (03) "Site preparation activities" means  
35 the same as defined in subsection 95.

1     Sec. 73. Section 423.3, subsection 95, paragraph a,  
2 subparagraphs (2) and (3), Code 2025, are amended to read as  
3 follows:

4     (2) (a) The sales price of backup power generation fuel that  
5 is purchased by a data center business for use in the items  
6 listed in subparagraph (1).

7     (b) The duration of the exemption allowed under this  
8 subparagraph shall be for the following time periods:

9     (i) For backup power generation fuel purchased in connection  
10 with real property the data center business began operating prior  
11 to the effective date of this division of this Act, there shall  
12 be no limitation on the duration of the exemption.

13     (ii) For backup power generation fuel purchased by a data  
14 center business in connection with real property with new  
15 construction upon the property completed on or after the  
16 effective date of this division of this Act, or additions upon  
17 existing property on or after the effective date of this division  
18 of this Act, and such property is located entirely or in part  
19 within a city having a population of more than thirty thousand,  
20 according to the most recent decennial federal census, the first  
21 ten years of operation in connection with the new construction or  
22 addition upon the existing property.

23     (iii) For backup power generation fuel purchased by a  
24 data center business in connection with real property with  
25 new construction upon the property completed on or after the  
26 effective date of this division of this Act, or additions upon  
27 existing property on or after the effective date of this division  
28 of this Act, and such property is not located entirely or in  
29 part within a city having a population of more than thirty  
30 thousand, according to the most recent decennial federal census,  
31 the first fifteen years of operation in connection with the new  
32 construction or addition upon the existing property.

33     (3) (a) The sales price of electricity purchased for use by  
34 a data center business.

35     (b) The duration of the exemption allowed under this

1 subparagraph shall be for the following time periods:

2 (i) For electricity purchased in connection with real  
3 property the data center business began operating prior the  
4 effective date of this division of this Act, there shall be no  
5 limitation on the duration of the exemption.

6 (ii) For electricity purchased by a data center business  
7 in connection with real property with new construction upon  
8 the property completed on or after the effective date of this  
9 division of this Act, or additions upon existing property on or  
10 after the effective date of this division of this Act, and such  
11 property is located entirely or in part within a city having  
12 a population of more than thirty thousand, according to the  
13 most recent decennial federal census, the first ten years of  
14 operation in connection with the new construction or addition to  
15 the existing property.

16 (iii) For electricity purchased by a data center business  
17 in connection with real property with new construction upon  
18 the property completed on or after the effective date of this  
19 division of this Act, or additions upon existing property on or  
20 after the effective date of this division of this Act, and such  
21 property is not located in part within a city having a population  
22 of more than thirty thousand, according to the most recent  
23 decennial federal census, the first fifteen years of operation in  
24 connection with the new construction or addition to the property.

25 Sec. 74. Section 423.3, subsection 95, paragraph b,  
26 subparagraph (3), Code 2025, is amended to read as follows:

27 (3) The data center business shall make a minimum investment  
28 in an Iowa physical location of two hundred million dollars  
29 within the first six years of operation in Iowa beginning with  
30 the date the data center business initiates site preparation  
31 activities, or the beginning date of the initial lease term of  
32 a data center, as applicable. The minimum investment includes  
33 the initial investment, including land and subsequent acquisition  
34 of additional adjacent land and subsequent investment at the Iowa  
35 location.

1 Sec. 75. Section 423.3, subsection 95, paragraph b, Code  
2 2025, is amended by adding the following new subparagraphs:

3 NEW SUBPARAGRAPH. (5) The data center business shall  
4 register with the department as a data center business. To  
5 maintain its registration, the data center business shall file  
6 an annual report with the department, by January 31, 2026, and  
7 by each January 31 thereafter. The annual report shall describe  
8 the backup power generation fuel and electricity purchased in the  
9 previous calendar year for the purposes described in paragraph  
10 "a", subparagraphs (2) and (3), and any other information the  
11 department requires.

12 NEW SUBPARAGRAPH. (6) Beginning after January 31, 2026, when  
13 purchasing exempt property under paragraph "a", the data center  
14 business shall present an exemption certificate, issued annually  
15 to the data center business after filing the annual report  
16 pursuant to subparagraph (5), to the retailer.

17 Sec. 76. Section 423.3, subsection 95, paragraphs c and d,  
18 Code 2025, are amended to read as follows:

19 c. This exemption applies from the date of the initial  
20 investment in, ~~or~~ the initiation of site preparation activities  
21 for the data center business facility, or from the beginning date  
22 of the initial lease term, as described in paragraph "b".

23 d. Failure to meet eighty percent of the minimum investment  
24 amount requirement specified in paragraph "b" within the first  
25 six years of operation from the date the data center business  
26 initiates site preparation activities or from the beginning date  
27 of the initial lease term, as applicable, will result in the  
28 data center business losing the right to claim this data center  
29 business exemption and the data center business shall pay all  
30 sales or use tax that would have been due on the purchase or  
31 use of the items listed in this exemption, plus any applicable  
32 penalty and interest imposed by statute.

33 Sec. 77. Section 423.3, subsection 95, Code 2025, is amended  
34 by adding the following new paragraph:

35 NEW PARAGRAPH. *Od.* A data center business leasing space to

1 operate a data center as a lessee is eligible to qualify for the  
2 exemption under this subsection.

3 Sec. 78. Section 423.3, subsection 95, paragraph e,  
4 subparagraphs (1) and (2), Code 2025, are amended to read as  
5 follows:

6 (1) "Data center" means a building rehabilitated or  
7 constructed to house a group of networked server computers  
8 in one physical location in order to centralize the storage,  
9 management, and dissemination of data and information pertaining  
10 to a particular business, taxonomy, or body of knowledge. A data  
11 center business's facility typically includes the mechanical and  
12 electrical systems, redundant or backup power supplies, redundant  
13 data communications connections, environmental controls, and  
14 fire suppression systems. A data center business's facility  
15 also includes a restricted access area employing advanced  
16 physical security measures such as video surveillance systems and  
17 card-based security or biometric security access systems. "Data  
18 center" includes the lease of a business facility leased by an  
19 entity operating a data center business at that location.

20 (2) "Data center business" means an entity whose business  
21 among other businesses, is to operate or lease a data center.

22 Sec. 79. Section 423.3, subsection 95, paragraph e, Code  
23 2025, is amended by adding the following new subparagraph:

24 NEW SUBPARAGRAPH. (3) "Site preparation activities" means  
25 actions that are taken prior to beginning construction or  
26 rehabilitation of the building that will house the data center  
27 and in preparation for the construction or rehabilitation.  
28 "Site preparation activities" include but are not limited to  
29 grading and clearing of land, storing of construction equipment  
30 including temporary buildings and trailers for equipment storage  
31 and for construction offices, exploratory excavating and borings  
32 to assess the sustainability of a site, and clearing the  
33 site of existing vegetation, old buildings, or old equipment.  
34 "Site preparation activities" does not include the purchase  
35 or installation of the tangible personal property described in

1 paragraph "a", subparagraph (1).

2 Sec. 80. Section 423.4, subsection 7, paragraph b,  
3 subparagraph (1), Code 2025, is amended to read as follows:

4 (1) The data center business shall make an investment in an  
5 Iowa physical location within the first three years of operation  
6 in Iowa beginning with the date on which the data center business  
7 initiates site preparation activities, or within three years of  
8 the beginning date of the initial lease term of the data center,  
9 as applicable.

10 Sec. 81. Section 423.4, subsection 7, Code 2025, is amended  
11 by adding the following new paragraph:

12 NEW PARAGRAPH. g. As used in this subsection, "site  
13 preparation activities" means the same as defined in section  
14 423.3, subsection 95.

15 Sec. 82. Section 423.4, subsection 8, paragraph b,  
16 subparagraph (2), Code 2025, is amended to read as follows:

17 (2) The data center business shall make a minimum investment  
18 of at least ten million dollars, in the case of new construction,  
19 or at least five million dollars in the case of a rehabilitated  
20 building, in an Iowa physical location within the first six  
21 years of operation in Iowa, beginning with the date on which the  
22 data center business initiates site preparation activities or the  
23 beginning date of the initial lease term, as applicable. The  
24 minimum investment includes the initial investment, including the  
25 value of a lease agreement or the amount invested in land and  
26 subsequent acquisition of additional adjacent land and subsequent  
27 investment at the Iowa location.

28 Sec. 83. Section 423.4, subsection 8, Code 2025, is amended  
29 by adding the following new paragraph:

30 NEW PARAGRAPH. h. As used in this subsection, "site  
31 preparation activities" means the same as defined in section  
32 423.3, subsection 95.

33 Sec. 84. Section 423.43, subsection 1, paragraph a, Code  
34 2025, is amended to read as follows:

35 a. Except as provided in ~~subsection 2~~ subsections 2 and 3,

1 all revenue arising under the operation of the use tax under  
2 subchapter III shall be deposited into the general fund of the  
3 state.

4 Sec. 85. Section 423.43, Code 2025, is amended by adding the  
5 following new subsection:

6 NEW SUBSECTION. 3. All revenues derived from the use tax  
7 imposed pursuant to section 423.5 and attributable to the  
8 expiration of the exemption time period specified in all of  
9 the following shall be transferred to the energy infrastructure  
10 revolving loan fund under section 476.46A:

11 a. Section 423.3, subsection 92, paragraph "a", subparagraph  
12 (2) or (3).

13 b. Section 423.3, subsection 93, paragraph "a", subparagraph  
14 (2) or (3).

15 c. Section 423.3, subsection 95, paragraph "a", subparagraph  
16 (2) or (3).

17 Sec. 86. Section 427.1, subsection 37, paragraph b, Code  
18 2025, is amended to read as follows:

19 b. This data center business exemption applies beginning with  
20 the assessment year the investment in or construction of the  
21 facility utilizing the materials, equipment, and systems set  
22 forth in paragraph "a" are first assessed, or applies beginning  
23 with the assessment year in which the date of the initial lease  
24 term of a data center by a data center business begins, as  
25 applicable.

26 Sec. 87. EFFECTIVE DATE. This division of this Act, being  
27 deemed of immediate importance, takes effect upon enactment.

28 DIVISION XIII

29 ANIMAL CARE ORGANIZATION CHECKOFF

30 Sec. 88. NEW SECTION. **162.4B Animal care organizations —**  
31 **fund — committee — grant program.**

32 1. As used in this section:

33 a. "Animal care organization" means an animal shelter  
34 operating pursuant to a certificate of registration or a renewed  
35 certification of operation issued by the department under this

1 chapter that has adopted a no-kill policy, except when medically  
2 necessary.

3     *b.* "Medically necessary" means a service performed by an  
4 animal care organization that is all of the following:

5         (1) Consistent with the symptoms and diagnosis made in  
6 conformance with recommended veterinary practice standards.

7         (2) Reasonably calculated to prevent, diagnose, correct,  
8 cure, alleviate, or prevent worsening of a condition that, left  
9 untreated, may result in any of the following:

10             (a) The end of life.

11             (b) Pain, suffering, or loss of function.

12             (c) Infirmary.

13     2. An animal care organization fund is created in the state  
14 treasury under the control of the department. The fund is  
15 composed of moneys appropriated or available to and obtained or  
16 accepted by the treasurer of state for deposit in the fund. The  
17 fund shall include moneys transferred to the fund pursuant to an  
18 income tax checkoff provided in chapter 422, subchapter II, if  
19 applicable. All interest earned on moneys in the fund shall be  
20 credited to and remain in the fund. Section 8.33 does not apply  
21 to moneys in the fund.

22     3. Moneys in the fund that are authorized by the department  
23 for expenditure are appropriated to the department and shall be  
24 disbursed to animal care organizations pursuant to subsection 4.

25     4.     *a.* An animal care organization committee is created  
26 within the department. The committee shall be administered by  
27 the department and shall determine the award of grant moneys from  
28 the animal care organization fund to animal care organizations.  
29 The committee shall distribute all available moneys each year.  
30 Applicants for a grant shall apply to the department on a form  
31 created by the department.

32         *b.* (1) The committee shall consist of three voting members:

33             (i) One member appointed by the secretary of agriculture who  
34 is an animal warden.

35             (ii) One member appointed by the secretary of agriculture who

1 is the executive director or the director's designee of an animal  
2 rescue organization located in Iowa.

3 (c) One member shall be a veterinarian appointed by the  
4 president of the Iowa veterinary medical association.

5 (2) The appointive terms of members appointed by the  
6 secretary of agriculture shall be for a period of two years. If  
7 there is a vacancy in the membership of the board for one of the  
8 members appointed by the secretary of agriculture, the secretary  
9 of agriculture has the power of appointment.

10 Sec. 89. NEW SECTION. **422.12M Income tax checkoff for**  
11 **animal care organizations.**

12 1. A person who files an individual or a joint income tax  
13 return with the department of revenue under section 422.13 may  
14 designate one dollar or more to be paid to the animal care fund  
15 created in section 162.4B. If the refund due on the return or  
16 the payment remitted with the return is insufficient to pay the  
17 additional amount designated by the taxpayer to the animal care  
18 organization fund, the amount designated shall be reduced to the  
19 remaining amount remitted with the return. The designation of  
20 a contribution to the animal care organization fund under this  
21 section is irrevocable.

22 2. The director of revenue shall draft the income tax  
23 form to allow the designation of contributions to the animal  
24 care organization fund on the tax return. The department of  
25 revenue, on or before January 31, shall transfer the total  
26 amount designated on the tax return forms due in the preceding  
27 calendar year to the animal care organization fund. However,  
28 before a checkoff pursuant to this section shall be permitted,  
29 all liabilities on the books of the department and accounts  
30 identified as owing under section 421.65 shall be satisfied.

31 3. The department of agriculture and land stewardship may  
32 authorize payment of moneys from the animal care organization  
33 fund in accordance with section 162.4B.

34 4. This section is subject to repeal under section 422.12E.

35 Sec. 90. IMPLEMENTATION. The checkoff created in this

1 division of this Act shall be eligible for placement on the  
2 individual income tax return form for the tax year beginning  
3 January 1, 2025.

4 EXPLANATION

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

7 This bill relates to the administration of the tax by the  
8 department of revenue by modifying provisions related to personal  
9 income, property, sales and use, motor fuel, inheritance tax, and  
10 changing tax expenditure reviews.

11 DIVISION I — DISCLOSURE OF TAX INFORMATION. The bill  
12 specifies and updates the circumstances the department of revenue  
13 (department) may disclose state tax return and audit information  
14 to law enforcement. The bill also makes conforming changes  
15 related to disclosure of state tax return information to the  
16 treasurer of state for purposes of determining ownership of  
17 abandoned property.

18 The division takes effect upon enactment.

19 DIVISION II — ANNUAL REPORTING. The bill strikes the  
20 requirement that the department annually report to the general  
21 assembly the areas of recurrent taxpayer noncompliance with the  
22 rules of the department including any recommendations relating to  
23 the noncompliance.

24 DIVISION III — PROPERTY TAX — EXTENSIONS. Under current law,  
25 a claimant may ask the director of the department, the county  
26 treasurer, or the director of the department of health and human  
27 services for an extension to claim a reimbursement for rent  
28 constituting property taxes in case of sickness, absence, or  
29 disability. The bill strikes the director of the department from  
30 involvement in the extension request by the claimant.

31 Under current law, when issuing a refund for an erroneous  
32 property tax paid by a taxpayer, the taxpayer must have presented  
33 a claim of refund to the board of supervisors, or if appealed,  
34 a claim to the property assessment appeal or district court  
35 within two years of the final decision on the property taxes

1 owed. Under the bill, a taxpayer is eligible to claim a refund  
2 for an erroneous tax if the taxpayer had previously appealed  
3 the claim for a refund of an erroneous tax to the director of  
4 revenue within two years of the director's final decision. This  
5 provision takes effect upon enactment.

6 DIVISION IV — FARM TENANCY INCOME TAX EXCLUSION. Currently,  
7 an eligible individual may exclude income received by the  
8 individual pursuant to a farm tenancy covering real property  
9 held by the individual for 10 or more years, if the individual  
10 materially participated in a farming business for 10 or more  
11 years. The bill allows the eligible individual to exclude such  
12 income under such circumstances, if the individual materially  
13 participated in a farming business for 10 or more years in the  
14 aggregate. The bill further specifies the term "held" is to be  
15 determined by the holding period provisions of section 1223 of  
16 the Internal Revenue Code and other federal regulations which  
17 is identical to the use of the term "held" under the farming  
18 business exclusion in Code section 422.7(13).

19 DIVISION V — PASS-THROUGH ENTITIES. Under current law, the  
20 department may issue a notice of adjustment (adjustment of  
21 tax) to a partnership or pass-through entity pursuant to Code  
22 section 422.25C, and specifies that the notice of adjustment is  
23 appealable pursuant to Code sections 422.28 and 422.29. The bill  
24 specifies the notice of adjustment is not always appealable under  
25 the circumstances provided in Code section 422.25.

26 The division takes effect upon enactment and applies  
27 retroactively to January 1, 2024.

28 DIVISION VI — SALES TAX CHANGES. The bill makes changes to  
29 the collection of sales taxes on building materials, supplies,  
30 and equipment where an owner, contractor, subcontractor, or  
31 builder is also a retailer holding a sales and use tax permit.  
32 Under such circumstances, if a customer of the retailer purchases  
33 tangible personal property from the retailer, the bill provides  
34 that such property will not be subject to sales tax if the  
35 property will be subject to sales tax at resale at a later date

1 or if the property will be subject to use tax at the time the  
2 retailer withdraws the property from inventory for use by the  
3 retailer in construction. The bill makes other related changes  
4 to enhance the readability of the provision.

5 Under current law, a purchaser, user, and consumer of taxable  
6 property or services may be authorized to remit tax owed directly  
7 to the department instead of the tax being collected and paid by  
8 the seller. The bill specifies that in order to qualify for the  
9 direct pay tax permit such a taxpayer must accrue a tax liability  
10 of more than \$8,000 on a monthly basis. Currently, such a  
11 taxpayer must accrue a tax liability of \$4,000 on a semimonthly  
12 basis in order to qualify for the direct pay tax permit.

13 DIVISION VII — MOTOR FUEL TAXES. Under current law and before  
14 July 1, 2026, the department determines the rate of excise tax  
15 imposed on each gallon of ethanol blended gasoline based upon the  
16 distribution percentage calculated in Code section 452A.3(1)(b),  
17 and the excise tax rate imposed on each gallon of biodiesel  
18 blended fuel based on the distribution percentage calculated  
19 in Code section 453A.3(3)(a)(2). The department determines  
20 the distribution percentage based upon data from reports filed  
21 pursuant to Code section 452A.33. The bill allows the department  
22 to amend the initial distribution percentage due to a mistake,  
23 or if there is a late report filed by a retail dealer to the  
24 department, or the distribution percentage is not accurate.

25 The bill changes the due date of a biannual tax return  
26 relating to electric fuel tax due in January by one day, and  
27 modifies the biannual tax period by one day.

28 The bill allows a person who uses electric fuel for a  
29 nontaxable purpose to provide an exemption certificate to the  
30 license holder selling or dispensing the fuel, if the certificate  
31 is produced by the department.

32 DIVISION VIII — INHERITANCE TAX — FUTURE CODE CHANGES DUE  
33 TO REPEAL. The bill changes numerous Code sections to reflect  
34 the repeal of the inheritance tax beginning for the estates of  
35 decedents dying on or after January 1, 2025. However, other

1 provisions of Code chapter 450 relating to the inheritance tax  
2 have not been repealed. The division takes effect upon enactment  
3 and applies retroactively to the estates of decedents dying on or  
4 after January 1, 2025.

5 DIVISION IX — LUMP SUM DISTRIBUTION OF RETIREMENT  
6 INCOME. Under current law, commencing with tax years beginning  
7 on or after January 1, 2023, retirement income is not subject to  
8 Iowa individual income tax. However, under current law a lump  
9 sum distribution from a retirement account is subject to Iowa  
10 income tax under Code section 422.5(8) at a rate of 25 percent  
11 of the federal tax rate imposed on the amount of the lump sum  
12 distribution.

13 The bill provides that the taxation of a lump sum distribution  
14 from a retirement account is also exempt from state taxation by  
15 exempting the lump sum distribution for a person who is disabled,  
16 or 55 years of age or older, or who is the surviving spouse of  
17 an individual or is a survivor having an insurable interest in an  
18 individual who would have qualified for the exemption for the tax  
19 year.

20 The bill excludes the lump sum distribution exempt from state  
21 taxation from being included in calculating the individual income  
22 tax filing thresholds in Code section 422.5(2) and (3).

23 The division takes effect upon enactment and applies  
24 retroactively to tax years beginning on or after January 1, 2025.

25 DIVISION X — ESTIMATED TAX THRESHOLD. Under the bill, a  
26 taxpayer filing a return is required to make estimated tax  
27 payments if Iowa income tax liability can reasonably be expected  
28 to exceed \$1,000 or more. Under current law, such a taxpayer  
29 filing a return is required to make estimated tax payments if  
30 Iowa income tax liability can reasonably be expected to exceed  
31 \$200 or more.

32 The division takes effect January 1, 2026, and applies to tax  
33 years beginning on or after that date.

34 DIVISION XI — TAX EXPENDITURE REVIEW. The bill specifies that  
35 the department administering a tax expenditure (tax credit) is

1 not required to review the tax expenditure if the tax expenditure  
2 has been repealed or if a zero amount of the tax expenditure  
3 remains available to be awarded or claimed. The bill removes  
4 four tax expenditures from tax expenditure review: the Iowa fund  
5 of funds program in Code chapter 15E, the wind energy production  
6 tax credits under Code chapter 476B, the ethanol promotion tax  
7 credit in Code section 422.11N (Code 2006), and the minimum tax  
8 credit under Code section 422.11B (Code 2018). The bill amends  
9 the Acts to align the review of the renewable chemical production  
10 tax credit in Code section 2.48 with the future repeal of the  
11 renewable chemical tax credit program.

12 DIVISION XII — LIMITATIONS ON SALES TAX EXEMPTIONS AND  
13 REFUNDS AND TRANSFERS TO THE ENERGY INFRASTRUCTURE FUND. The bill  
14 modifies the sales and use tax exemptions (exemptions) related  
15 to web search portal businesses and data center businesses (data  
16 centers). The division take effect upon enactment (effective  
17 date).

18 Currently, the exemptions apply to the sale of computers and  
19 equipment for the maintenance and operation of a data center, the  
20 sale of backup power generation fuel, and the sale of electricity  
21 for use in the data center, without any limitations. The bill  
22 does not change the exemptions available for data centers that  
23 began operating prior to the effective date.

24 The bill limits the exemptions for newly constructed data  
25 centers or additions upon existing property completed on or after  
26 the effective date, to the first 10 years of operation, if the  
27 property is located entirely or partly within a city having a  
28 population of more than 30,000.

29 The bill limits the exemptions for newly constructed data  
30 centers or additions upon existing property completed on or after  
31 the effective date, to the first 15 years of operation, if the  
32 property is not located entirely or partly within a city having a  
33 population of more than 30,000.

34 Currently, the exemptions apply from the date the initial  
35 investment occurs or the initiation of site preparation

1 activities. The bill defines "initiation of site preparation  
2 activities".

3 The bill requires a data center to register with the  
4 department of revenue beginning January 31, 2026, and file an  
5 annual report with the department describing the backup power  
6 generation fuel and electricity used to obtain the exemption,  
7 and describe any other information the department of revenue  
8 may require. The bill requires a data center to present an  
9 exemption certificate, issued annually to the data center after  
10 filing the annual report, to the retailer selling the backup  
11 power generation fuel and the electricity to the data center.

12 The bill provides that a business leasing space to operate a  
13 data center as a lessee is eligible to qualify for an exemption.  
14 A data center includes the lease of a business facility leased  
15 by an entity operating a data center at the location of the  
16 data center. The bill specifies the exemptions apply from the  
17 beginning date of the initial lease term.

18 After the data center exemption period expires, the bill  
19 requires the portion of sales tax revenue attributable to the  
20 previously exempted sale of backup power generation fuel and  
21 electricity be transferred to the energy infrastructure revolving  
22 loan fund in Code section 476.46A.

23 DIVISION XIII — ANIMAL CARE ORGANIZATION CHECKOFF. The bill  
24 provides that taxpayers filing individual income tax returns will  
25 be allowed to designate \$1 or more on the return to be paid to  
26 the animal care organization fund (fund). The bill creates the  
27 fund in the state treasury under the control of the department  
28 of agriculture and land stewardship. The bill requires the  
29 department of revenue to annually remit moneys collected from the  
30 checkoff to the fund.

31 The bill provides that the checkoff is eligible for placement  
32 on the individual tax return form for the tax year beginning  
33 January 1, 2025, and that it is subject to repeal under Code  
34 section 422.12E, which allows no more than four checkoffs on the  
35 individual tax return form and provides for the automatic repeal

1 of the two checkoffs receiving the least in contributions over a  
2 two-year period. Currently, there are two checkoffs that appear  
3 on the individual income tax return, the checkoff for the fish  
4 and game protection fund and the checkoff for the child abuse  
5 prevention program fund.

6 Moneys in the fund shall be used by an animal care  
7 organization committee (committee) to provide grants to animal  
8 care organizations. The committee, which is created within  
9 and administered by the department of agriculture and land  
10 stewardship, shall consist of three members: one member  
11 appointed by the secretary of agriculture who is an animal  
12 warden, one member appointed by the secretary of agriculture from  
13 the executive director or the director's designee of an animal  
14 rescue organization in this state, and a veterinarian appointed  
15 by the president of the Iowa veterinarian medical association.

16 The bill defines "animal care organization" to mean an animal  
17 shelter operating pursuant to a certificate of registration or a  
18 renewed certification of operation issued by the department of  
19 agriculture and land stewardship under Code chapter 162 (animals  
20 in commercial establishments) that has adopted a no-kill policy,  
21 except when medically necessary. The bill defines "medically  
22 necessary".