

Senate File 2383 - Reprinted

SENATE FILE 2383

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3197)

(As Amended and Passed by the Senate February 28, 2018)

A BILL FOR

1 An Act relating to state and local revenue and finance by
2 modifying the individual and corporate income taxes, the
3 franchise tax, tax credits, the moneys and credits tax,
4 the sales and use taxes and local option sales tax, the
5 hotel and motel excise tax, the automobile rental excise
6 tax, the Iowa educational savings plan trust, and the
7 disabilities expenses savings plan trust, providing for
8 other properly related matters, making penalties applicable,
9 and including immediate effective date and retroactive and
10 other applicability provisions.

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

DIVISION I

INCOME TAX CHANGES FOR TAX YEAR 2018

Section 1. EARNED INCOME TAX CREDIT FOR 2018.

Notwithstanding the definition of "Internal Revenue Code" in section 422.3, for tax years beginning during the 2018 calendar year, any reference to the term "Internal Revenue Code" in section 422.12B shall mean the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended and in effect on January 1, 2016, but shall not be construed to include any amendment to the Internal Revenue Code enacted after January 1, 2016, including any amendment with retroactive applicability or effectiveness.

Sec. 2. ACCOUNTING METHOD AND OTHER MISCELLANEOUS COUPLING PROVISIONS FOR TAX YEAR 2018. Notwithstanding any other provision of law to the contrary, amendments to the Internal Revenue Code enacted in Pub. L. No. 115-97, §13102, §13221, §13504, §13541, §13543, §13611, and §13613, apply in calculating federal adjusted gross income or federal taxable income, as applicable, for state tax purposes for purposes of chapter 422 for tax years beginning during the 2018 calendar year to the extent those amendments affect the calculation of federal adjusted gross income or federal taxable income, as applicable, for federal tax purposes for tax years beginning during the 2018 calendar year.

Sec. 3. TEACHER EXPENSE DEDUCTION. Notwithstanding any other provision of law to the contrary, for tax years beginning during the 2018 calendar year, a taxpayer is allowed to take the deduction for certain expenses of elementary and secondary school teachers allowed under section 62(a)(2)(D) of the Internal Revenue Code, as amended by Pub. L. No. 114-113, division Q, §104, in computing net income for state tax purposes.

Sec. 4. EFFECTIVE DATE. This division of this Act, being

1 deemed of immediate importance, takes effect upon enactment.

2 Sec. 5. RETROACTIVE APPLICABILITY. This division of this
3 Act applies retroactively to January 1, 2018, for tax years
4 beginning on or after that date, but before January 1, 2019.

5 DIVISION II

6 INCOME TAX AND FRANCHISE TAX CHANGES BEGINNING IN 2019

7 Sec. 6. Section 217.39, Code 2018, is amended to read as
8 follows:

9 **217.39 Persecuted victims of World War II — reparations —**
10 **heirs.**

11 Notwithstanding any other law of this state, payments paid
12 to and income from lost property of a victim of persecution
13 for racial, ethnic, or religious reasons by Nazi Germany or
14 any other Axis regime or as an heir of such victim which is
15 ~~exempt from state income tax as provided~~ described in section
16 422.7, subsection 35, Code 2018, shall not be considered as
17 income or an asset for determining the eligibility for state or
18 local government benefit or entitlement programs. The proceeds
19 are not subject to recoupment for the receipt of governmental
20 benefits or entitlements, and liens, except liens for child
21 support, are not enforceable against these sums for any reason.

22 Sec. 7. Section 422.3, subsection 5, Code 2018, is amended
23 to read as follows:

24 5. "*Internal Revenue Code*" means the Internal Revenue Code
25 of 1954, prior to the date of its redesignation as the Internal
26 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
27 the Internal Revenue Code of 1986, as amended ~~and in effect~~
28 ~~on January 1, 2015. This definition shall not be construed~~
29 ~~to include any amendment to the Internal Revenue Code enacted~~
30 ~~after the date specified in the preceding sentence, including~~
31 ~~any amendment with retroactive applicability or effectiveness.~~

32 Sec. 8. Section 422.4, subsection 1, paragraphs b and c,
33 Code 2018, are amended to read as follows:

34 b. "*Cumulative inflation factor*" means the product of the
35 annual inflation factor for the ~~1988~~ 2022 calendar year and

1 all annual inflation factors for subsequent calendar years
2 as determined pursuant to [this subsection](#). The cumulative
3 inflation factor applies to all tax years beginning on or after
4 January 1 of the calendar year for which the latest annual
5 inflation factor has been determined.

6 *c.* The annual inflation factor for the ~~1988~~ 2022 calendar
7 year is one hundred percent.

8 Sec. 9. Section 422.4, subsection 2, Code 2018, is amended
9 by striking the subsection.

10 Sec. 10. Section 422.4, subsection 16, Code 2018, is amended
11 to read as follows:

12 16. The words "*taxable income*" mean the net income as
13 defined in [section 422.7](#) minus the ~~deductions~~ deduction allowed
14 by [section 422.9](#), if available, in the case of individuals;
15 in the case of estates or trusts, the words "*taxable income*"
16 mean the taxable income (without a deduction for personal
17 exemption) as computed for federal income tax purposes under
18 the Internal Revenue Code, but with the adjustments specified
19 in [section 422.7](#) ~~plus the Iowa income tax deducted in computing~~
20 ~~the federal taxable income and minus federal income taxes as~~
21 ~~provided in [section 422.9](#).~~

22 Sec. 11. Section 422.5, subsection 1, paragraphs a, b, c, d,
23 and e, Code 2018, are amended by striking the paragraphs and
24 inserting in lieu thereof the following:

25 *a.* On all taxable income from zero through twelve thousand
26 dollars in the case of a married couple filing jointly, or from
27 zero to six thousand dollars in the case of all other persons,
28 five percent.

29 *b.* On all taxable income exceeding twelve thousand dollars
30 but not exceeding thirty thousand dollars in the case of a
31 married couple filing jointly, or exceeding six thousand
32 dollars but not exceeding fifteen thousand dollars in the case
33 of all other persons, five and one-quarter percent.

34 *c.* On all taxable income exceeding thirty thousand dollars
35 but not exceeding sixty thousand dollars in the case of a

1 married couple filing jointly, or exceeding fifteen thousand
2 dollars but not exceeding thirty thousand dollars in the case
3 of all other persons, five and one-half percent.

4 *d.* On all taxable income exceeding sixty thousand dollars
5 but not exceeding one hundred fifty thousand dollars in the
6 case of a married couple filing jointly, or exceeding thirty
7 thousand dollars but not exceeding seventy-five thousand
8 dollars in the case of all other persons, six percent.

9 *e.* On all taxable income exceeding one hundred fifty
10 thousand dollars in the case of a married couple filing
11 jointly, or exceeding seventy-five thousand dollars in the case
12 of all other persons, the following:

13 (1) Six and six-tenths percent for tax years beginning
14 during the 2019 calendar year.

15 (2) Six and one-half percent for tax years beginning during
16 the 2020 calendar year.

17 (3) Six and four-tenths percent for tax years beginning
18 during the 2021 calendar year.

19 (4) Six and three-tenths percent for tax years beginning on
20 or after January 1, 2022.

21 Sec. 12. Section 422.5, subsection 1, paragraphs f, g, h,
22 and i, Code 2018, are amended by striking the paragraphs.

23 Sec. 13. Section 422.5, subsection 1, paragraph j, Code
24 2018, is amended to read as follows:

25 *j.* (1) The tax imposed upon the taxable income of a
26 nonresident shall be computed by reducing the amount determined
27 pursuant to paragraphs "a" through "i" "e" by the amounts of
28 nonrefundable credits under [this division](#) and by multiplying
29 this resulting amount by a fraction of which the nonresident's
30 net income allocated to Iowa, as determined in section
31 422.8, subsection 2, paragraph "a", is the numerator and the
32 nonresident's total net income computed under [section 422.7](#) is
33 the denominator. This provision also applies to individuals
34 who are residents of Iowa for less than the entire tax year.

35 (2) (a) The tax imposed upon the taxable income of a

1 resident shareholder in an S corporation or of an estate
 2 or trust with a situs in Iowa that is a shareholder in an S
 3 corporation, which S corporation has in effect for the tax
 4 year an election under subchapter S of the Internal Revenue
 5 Code and carries on business within and without the state,
 6 may be computed by reducing the amount determined pursuant to
 7 paragraphs "a" through ~~"i"~~ "e" by the amounts of nonrefundable
 8 credits under [this division](#) and by multiplying this resulting
 9 amount by a fraction of which the resident's or estate's
 10 or trust's net income allocated to Iowa, as determined in
 11 section 422.8, subsection 2, paragraph "b", is the numerator
 12 and the resident's or estate's or trust's total net income
 13 computed under [section 422.7](#) is the denominator. If a resident
 14 shareholder, or an estate or trust with a situs in Iowa
 15 that is a shareholder, has elected to take advantage of this
 16 subparagraph (2), and for the next tax year elects not to take
 17 advantage of this subparagraph, the resident or estate or
 18 trust shareholder shall not reelect to take advantage of this
 19 subparagraph for the three tax years immediately following the
 20 first tax year for which the shareholder elected not to take
 21 advantage of this subparagraph, unless the director consents to
 22 the reelection. This subparagraph also applies to individuals
 23 who are residents of Iowa for less than the entire tax year.

24 (b) This subparagraph (2) shall not affect the amount of
 25 the taxpayer's checkoffs under [this division](#), the credits from
 26 tax provided under [this division](#), and the allocation of these
 27 credits between spouses if the taxpayers filed separate returns
 28 ~~or separately on combined returns.~~

29 Sec. 14. Section 422.5, subsection 2, Code 2018, is amended
 30 by striking the subsection.

31 Sec. 15. Section 422.5, subsections 3 and 3B, Code 2018, are
 32 amended to read as follows:

33 3. a. The tax shall not be imposed on a resident or
 34 nonresident whose net income, as defined in [section 422.7](#), is
 35 thirteen thousand five hundred dollars or less in the case

1 of married persons filing jointly ~~or filing separately on a~~
 2 ~~combined return~~, heads of household, and surviving spouses or
 3 nine thousand dollars or less in the case of all other persons;
 4 but in the event that the payment of tax under [this division](#)
 5 would reduce the net income to less than thirteen thousand five
 6 hundred dollars or nine thousand dollars as applicable, then
 7 the tax shall be reduced to that amount which would result
 8 in allowing the taxpayer to retain a net income of thirteen
 9 thousand five hundred dollars or nine thousand dollars as
 10 applicable. The preceding sentence does not apply to estates
 11 or trusts. For the purpose of [this subsection](#), the entire net
 12 income, including any part of the net income not allocated
 13 to Iowa, shall be taken into account. For purposes of this
 14 subsection, net income includes all amounts of pensions or
 15 other retirement income, except for military retirement pay
 16 excluded under [section 422.7, subsection 31A](#), paragraph "a",
 17 or [section 422.7, subsection 31B](#), paragraph "a", received from
 18 any source which is not taxable under [this division](#) as a result
 19 of the government pension exclusions in [section 422.7](#), or any
 20 other state law. If the combined net income of a husband and
 21 wife exceeds thirteen thousand five hundred dollars, neither
 22 of them shall receive the benefit of [this subsection](#), and it
 23 is immaterial whether they file a joint return or separate
 24 returns. However, if a husband and wife file separate returns
 25 and have a combined net income of thirteen thousand five
 26 hundred dollars or less, neither spouse shall receive the
 27 benefit of this paragraph, if one spouse has a net operating
 28 loss and elects to carry back or carry forward the loss as
 29 provided under the Internal Revenue Code or in section 422.9~~7~~
 30 ~~subsection 3~~. A person who is claimed as a dependent by
 31 another person as defined in [section 422.12](#) shall not receive
 32 the benefit of [this subsection](#) if the person claiming the
 33 dependent has net income exceeding thirteen thousand five
 34 hundred dollars or nine thousand dollars as applicable or the
 35 person claiming the dependent and the person's spouse have

1 combined net income exceeding thirteen thousand five hundred
2 dollars or nine thousand dollars as applicable.

3 *b.* In lieu of the computation in [subsection 1 ~~or~~ 2](#), or in
4 paragraph "a" of [this subsection](#), if the married persons',
5 filing jointly ~~or filing separately on a combined return~~,
6 head of household's, or surviving spouse's net income exceeds
7 thirteen thousand five hundred dollars, the regular tax imposed
8 under [this division](#) shall be the lesser of the maximum state
9 individual income tax rate for the tax year times the portion
10 of the net income in excess of thirteen thousand five hundred
11 dollars or the regular tax liability computed without regard
12 to this sentence. Taxpayers electing to file separately shall
13 compute the alternate tax described in this paragraph using the
14 total net income of the husband and wife. The alternate tax
15 described in this paragraph does not apply if one spouse elects
16 to carry back or carry forward the loss as provided under the
17 Internal Revenue Code or in [section 422.9, subsection 3](#).

18 3B. *a.* The tax shall not be imposed on a resident or
19 nonresident who is at least sixty-five years old on December
20 31 of the tax year and whose net income, as defined in section
21 422.7, is thirty-two thousand dollars or less in the case
22 of married persons filing jointly ~~or filing separately on a~~
23 ~~combined return~~, heads of household, and surviving spouses or
24 twenty-four thousand dollars or less in the case of all other
25 persons; but in the event that the payment of tax under this
26 division would reduce the net income to less than thirty-two
27 thousand dollars or twenty-four thousand dollars as applicable,
28 then the tax shall be reduced to that amount which would result
29 in allowing the taxpayer to retain a net income of thirty-two
30 thousand dollars or twenty-four thousand dollars as applicable.
31 The preceding sentence does not apply to estates or trusts.
32 For the purpose of [this subsection](#), the entire net income,
33 including any part of the net income not allocated to Iowa,
34 shall be taken into account. For purposes of [this subsection](#),
35 net income includes all amounts of pensions or other retirement

1 income, except for military retirement pay excluded under
 2 section 422.7, subsection 31A, paragraph "a", or section 422.7,
 3 subsection 31B, paragraph "a", received from any source which is
 4 not taxable under [this division](#) as a result of the government
 5 pension exclusions in [section 422.7](#), or any other state law.
 6 If the combined net income of a husband and wife exceeds
 7 thirty-two thousand dollars, neither of them shall receive the
 8 benefit of [this subsection](#), and it is immaterial whether they
 9 file a joint return or separate returns. However, if a husband
 10 and wife file separate returns and have a combined net income
 11 of thirty-two thousand dollars or less, neither spouse shall
 12 receive the benefit of this paragraph, if one spouse has a net
 13 operating loss and elects to carry back or carry forward the
 14 loss as provided under the Internal Revenue Code or in section
 15 ~~422.9, subsection 3~~. A person who is claimed as a dependent by
 16 another person as defined in [section 422.12](#) shall not receive
 17 the benefit of [this subsection](#) if the person claiming the
 18 dependent has net income exceeding thirty-two thousand dollars
 19 or twenty-four thousand dollars as applicable or the person
 20 claiming the dependent and the person's spouse have combined
 21 net income exceeding thirty-two thousand dollars or twenty-four
 22 thousand dollars as applicable.

23 *b.* In lieu of the computation in [subsection 1, 2, or 3](#), if
 24 the married persons', ~~filing jointly or filing separately on~~
 25 ~~a combined return~~, head of household's, or surviving spouse's
 26 net income exceeds thirty-two thousand dollars, the regular tax
 27 imposed under [this division](#) shall be the lesser of the maximum
 28 state individual income tax rate for the tax year times the
 29 portion of the net income in excess of thirty-two thousand
 30 dollars or the regular tax liability computed without regard
 31 to this sentence. Taxpayers electing to file separately shall
 32 compute the alternate tax described in this paragraph using the
 33 total net income of the husband and wife. The alternate tax
 34 described in this paragraph does not apply if one spouse elects
 35 to carry back or carry forward the loss as provided under the

1 Internal Revenue Code or in section 422.9, subsection 3.

2 c. This subsection applies even though one spouse has not
3 attained the age of sixty-five, if the other spouse is at least
4 sixty-five at the end of the tax year.

5 Sec. 16. Section 422.5, subsection 6, Code 2018, is amended
6 by striking the subsection and inserting in lieu thereof the
7 following:

8 6. Upon determination of the latest cumulative inflation
9 factor, the director shall reduce each tax rate in subsection
10 1, paragraphs "a" through "d", and paragraph "e", subparagraph
11 (4), by the same percentage that the latest cumulative
12 inflation factor exceeds one hundred percent, shall round off
13 the resulting rate to the nearest one-hundredth of one percent,
14 and shall incorporate the result into the income tax forms and
15 instructions for each tax year.

16 Sec. 17. Section 422.7, unnumbered paragraph 1, Code 2018,
17 is amended to read as follows:

18 The term "net income" means the ~~adjusted gross income before~~
19 ~~the net operating loss deduction~~ taxable income as properly
20 computed for federal income tax purposes under section 63 the
21 Internal Revenue Code, with the following adjustments:

22 Sec. 18. Section 422.7, Code 2018, is amended by adding the
23 following new subsections:

24 NEW SUBSECTION. 4. Add any federal net operating loss
25 deduction carried over from a taxable year beginning prior to
26 January 1, 2019.

27 NEW SUBSECTION. 6. a. For tax years beginning in the 2019
28 calendar year, subtract the amount of federal income taxes
29 paid during the tax year to the extent payment is for a tax
30 year beginning prior to January 1, 2019, and add any federal
31 income tax refunds received during the tax year to the extent
32 the federal income tax was deducted for a tax year beginning
33 prior to January 1, 2019. Where married persons who have filed
34 a joint federal income tax return file separately for state tax
35 purposes, such total shall be divided between them according

1 to the portion of the total paid by each. Federal income taxes
2 paid for a tax year in which an Iowa return was not required to
3 be filed shall not be subtracted.

4 *b.* Notwithstanding any other provision of law to the
5 contrary, amounts subtracted or added pursuant to this
6 subsection shall not be included in the calculation of net
7 income for purposes of section 422.5, subsection 3 or 3B, or
8 section 422.13.

9 NEW SUBSECTION. 6A. Subtract, to the extent included,
10 income from interest and earnings received from a burial trust
11 fund as defined in section 523A.102.

12 Sec. 19. Section 422.7, subsection 12, paragraph a,
13 unnumbered paragraph 1, Code 2018, is amended to read as
14 follows:

15 ~~If~~ For tax years beginning prior to January 1, 2022, if the
16 ~~adjusted-gross~~ federal taxable income includes income or loss
17 from a small business operated by the taxpayer, an additional
18 deduction shall be allowed in computing the income or loss from
19 the small business if the small business hired for employment
20 in the state during its annual accounting period ending with or
21 during the taxpayer's tax year any of the following:

22 Sec. 20. Section 422.7, subsection 12A, paragraph a,
23 unnumbered paragraph 1, Code 2018, is amended to read as
24 follows:

25 ~~If~~ For tax years beginning prior to January 1, 2022, if the
26 ~~adjusted-gross~~ federal taxable income includes income or loss
27 from a business operated by the taxpayer, and if the business
28 does not qualify for the adjustment under [subsection 12](#), an
29 additional deduction shall be allowed in computing the income
30 or loss from the business if the business hired for employment
31 in the state during its annual accounting period ending with or
32 during the taxpayer's tax year either of the following:

33 Sec. 21. Section 422.7, subsection 13, Code 2018, is amended
34 by striking the subsection and inserting in lieu thereof the
35 following:

1 13. Subtract, to the extent included, the amount of social
2 security benefits taxable under section 86 of the Internal
3 Revenue Code.

4 Sec. 22. Section 422.7, Code 2018, is amended by adding the
5 following new subsections:

6 NEW SUBSECTION. 18. Add, to the extent deducted for federal
7 tax purposes, charitable contributions under section 170 of
8 the Internal Revenue Code to the extent such contribution was
9 made to an organization for the purpose of deposit in the Iowa
10 education savings plan trust established in chapter 12D, and
11 the taxpayer designated that any part of the contribution be
12 used for the direct benefit of any dependent of the taxpayer or
13 any other single beneficiary designated by the taxpayer.

14 NEW SUBSECTION. 19. *a.* Subtract, to the extent included,
15 income resulting from the payment by an employer of the
16 taxpayer, whether paid to the taxpayer or to a lender, of
17 principal or interest on any qualified education loan incurred
18 by the taxpayer.

19 *b.* If the taxpayer has a deduction in computing federal
20 taxable income under section 221 of the Internal Revenue Code
21 for interest on a qualified education loan, the taxpayer shall
22 recompute for purposes of this subsection the amount of the
23 deduction under paragraph "a" by not subtracting any amount of
24 income resulting from the employer's payment of interest on a
25 qualified education loan that was also deducted by the taxpayer
26 under section 221 of the Internal Revenue Code.

27 *c.* For purposes of this subsection, "*qualified education*
28 *loan*" means the same as defined in section 221 of the Internal
29 Revenue Code.

30 Sec. 23. Section 422.7, subsection 31, Code 2018, is amended
31 to read as follows:

32 31. *a.* For a person who is disabled, or is fifty-five
33 years of age or older, or is the surviving spouse of an
34 individual or a survivor having an insurable interest in an
35 individual who would have qualified for the exemption under

1 this subsection for the tax year, subtract, to the extent
 2 included, the total amount of a governmental or other pension
 3 or retirement pay, including, but not limited to, defined
 4 benefit or defined contribution plans, annuities, individual
 5 retirement accounts, plans maintained or contributed to by an
 6 employer, or maintained or contributed to by a self-employed
 7 person as an employer, and deferred compensation plans or any
 8 earnings attributable to the deferred compensation plans, up
 9 to a maximum ~~of six thousand dollars~~ amount as specified in
 10 paragraph "b" for a person, other than a husband or wife, who
 11 files a separate state income tax return and up to a maximum
 12 ~~of twelve thousand dollars~~ amount as specified in paragraph
 13 "c" for a husband and wife who file a joint state income tax
 14 return. However, a surviving spouse who is not disabled or
 15 fifty-five years of age or older can only exclude the amount
 16 of pension or retirement pay received as a result of the death
 17 of the other spouse. A husband and wife filing separate state
 18 income tax returns ~~or separately on a combined state return~~
 19 are allowed a combined maximum exclusion under **this subsection**
 20 of up to ~~twelve thousand dollars~~. ~~The twelve thousand dollar~~
 21 the maximum amount specified in paragraph "c", which exclusion
 22 shall be allocated to the husband or wife in the proportion
 23 that each spouse's respective pension and retirement pay
 24 received bears to total combined pension and retirement pay
 25 received.

26 b. (1) For tax years beginning on or after January 1, 2019,
 27 but before January 1, 2022, the maximum exclusion amount equals
 28 ten thousand dollars.

29 (2) For tax years beginning on or after January 1, 2022, the
 30 maximum exclusion amount equals twelve thousand dollars.

31 c. (1) For tax years beginning on or after January 1, 2019,
 32 but before January 1, 2022, the maximum exclusion amount equals
 33 twenty thousand dollars.

34 (2) For tax years beginning on or after January 1, 2022, the
 35 maximum exclusion amount equals twenty-four thousand dollars.

1 Sec. 24. Section 422.7, subsection 41, Code 2018, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *0e.* Add, to the extent deducted for
4 federal tax purposes, interest, taxes, and other miscellaneous
5 expenses to the extent such amounts are eligible home costs
6 in connection with a qualified home purchase that were paid
7 or reimbursed from funds in a first-time homebuyer savings
8 account.

9 Sec. 25. Section 422.7, subsection 44, paragraph a,
10 unnumbered paragraph 1, Code 2018, is amended to read as
11 follows:

12 ~~If~~ For tax years beginning before January 1, 2022, if the
13 taxpayer, while living, donates one or more of the taxpayer's
14 human organs to another human being for immediate human organ
15 transplantation during the tax year, subtract, to the extent
16 not otherwise excluded, the following unreimbursed expenses
17 incurred by the taxpayer and related to the taxpayer's organ
18 donation:

19 Sec. 26. Section 422.7, subsection 47, Code 2018, is amended
20 to read as follows:

21 47. Subtract, to the extent not otherwise deducted in
22 computing ~~adjusted-gross~~ federal taxable income, the amounts
23 paid by the taxpayer to the department of veterans affairs for
24 the purpose of providing grants under the injured veterans
25 grant program established in [section 35A.14](#). Amounts
26 subtracted under [this subsection](#) shall not be used by the
27 taxpayer in computing the amount of charitable contributions as
28 defined by section 170 of the Internal Revenue Code.

29 Sec. 27. Section 422.7, Code 2018, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 51. The additional first-year depreciation
32 allowance authorized in section 168(k) of the Internal Revenue
33 Code does not apply in computing net income for state tax
34 purposes. If the taxpayer has taken the additional first-year
35 depreciation allowance for purposes of computing federal

1 taxable income, then the taxpayer shall make the following
2 adjustments to federal taxable income when computing net income
3 for state tax purposes:

4 a. Add the total amount of depreciation taken under section
5 168(k) of the Internal Revenue Code for the tax year.

6 b. Subtract the amount of depreciation allowable under the
7 modified accelerated cost recovery system described in section
8 168 of the Internal Revenue Code and calculated without regard
9 to section 168(k).

10 c. Any other adjustments to gains or losses necessary to
11 reflect the adjustments made in paragraphs "a" and "b". The
12 director shall adopt rules for the administration of this
13 paragraph.

14 Sec. 28. Section 422.7, subsections 3, 7, 8, 9, 10, 11, 14,
15 15, 16, 20, 21, 22, 23, 24, 25, 26, 29, 30, 35, 36, 37, 39, 39A,
16 39B, 40, 43, 45, 49, 53, 55, 56, 57, and 58, Code 2018, are
17 amended by striking the subsections.

18 Sec. 29. Section 422.8, subsection 4, Code 2018, is amended
19 by striking the subsection.

20 Sec. 30. Section 422.9, Code 2018, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **422.9 Iowa net operating loss incurred prior to January 1,**
23 **2019.**

24 Any Iowa net operating loss carried over from a taxable year
25 beginning prior to January 1, 2019, may be deducted as provided
26 in section 422.9, subsection 3, Code 2018.

27 Sec. 31. Section 422.11S, subsection 4, Code 2018, is
28 amended to read as follows:

29 4. Married taxpayers who file separate returns ~~or file~~
30 ~~separately on a combined return form~~ must determine the tax
31 credit under **subsection 1** based upon their combined net income
32 and allocate the total credit amount to each spouse in the
33 proportion that each spouse's respective net income bears to
34 the total combined net income. Nonresidents or part-year
35 residents of Iowa must determine their tax credit in the ratio

1 of their Iowa source net income to their all source net income.
2 Nonresidents or part-year residents who are married and elect
3 to file separate returns ~~or to file separately on a combined~~
4 ~~return form~~ must allocate the tax credit between the spouses
5 in the ratio of each spouse's Iowa source net income to the
6 combined Iowa source net income of the taxpayers.

7 Sec. 32. Section 422.12B, subsection 2, Code 2018, is
8 amended to read as follows:

9 2. Married taxpayers electing to file separate returns ~~or~~
10 ~~filing separately on a combined return~~ may avail themselves
11 of the earned income credit by allocating the earned income
12 credit to each spouse in the proportion that each spouse's
13 respective earned income bears to the total combined earned
14 income. Taxpayers affected by the allocation provisions of
15 section 422.8 shall be permitted a deduction for the credit
16 only in the amount fairly and equitably allocable to Iowa under
17 rules prescribed by the director.

18 Sec. 33. Section 422.12C, subsection 4, Code 2018, is
19 amended to read as follows:

20 4. Married taxpayers who have filed joint federal returns
21 electing to file separate returns ~~or to file separately on a~~
22 ~~combined return form~~ must determine the child and dependent
23 care credit under [subsection 1](#) or the early childhood
24 development tax credit under [subsection 2](#) based upon their
25 combined net income and allocate the total credit amount to
26 each spouse in the proportion that each spouse's respective net
27 income bears to the total combined net income. Nonresidents
28 or part-year residents of Iowa must determine their Iowa child
29 and dependent care credit in the ratio of their Iowa source
30 net income to their all source net income. Nonresidents or
31 part-year residents who are married and elect to file separate
32 returns ~~or to file separately on a combined return form~~ must
33 allocate the Iowa child and dependent care credit between the
34 spouses in the ratio of each spouse's Iowa source net income to
35 the combined Iowa source net income of the taxpayers.

1 Sec. 34. Section 422.13, subsection 1, paragraph c, Code
2 2018, is amended by striking the paragraph.

3 Sec. 35. Section 422.16, subsection 1, paragraph f, Code
4 2018, is amended by striking the paragraph.

5 Sec. 36. Section 422.21, subsections 2, 5, and 7, Code 2018,
6 are amended to read as follows:

7 2. An individual in the armed forces of the United States
8 serving in an area designated by the president of the United
9 States or the United States Congress as a combat zone or as a
10 qualified hazardous duty area, or deployed outside the United
11 States away from the individual's permanent duty station while
12 participating in an operation designated by the United States
13 secretary of defense as a contingency operation as defined
14 in 10 U.S.C. §101(a)(13), or which became such a contingency
15 operation by the operation of law, or an individual serving in
16 support of those forces, is allowed the same additional time
17 period after leaving the combat zone or the qualified hazardous
18 duty area, or ceasing to participate in such contingency
19 operation, or after a period of continuous hospitalization, to
20 file a state income tax return or perform other acts related
21 to the department, as would constitute timely filing of the
22 return or timely performance of other acts described in section
23 7508(a) of the Internal Revenue Code. An individual on active
24 duty federal military service in the armed forces, armed forces
25 military reserve, or national guard who is deployed outside
26 the United States in other than a combat zone, qualified
27 hazardous duty area, or contingency operation is allowed the
28 same additional period of time described in section 7508(a)
29 of the Internal Revenue Code to file a state income tax
30 return or perform other acts related to the department. For
31 the purposes of **this subsection**, "*other acts related to the*
32 *department*" includes filing claims for refund for any tax
33 administered by the department, making tax payments other than
34 withholding payments, filing appeals on the tax matters, filing
35 other tax returns, and performing other acts described in the

1 department's rules. The additional time period allowed applies
2 to the spouse of the individual described in [this subsection](#)
3 to the extent the spouse files jointly ~~or separately on the~~
4 ~~combined return form~~ with the individual or when the spouse
5 is a party with the individual to any matter for which the
6 additional time period is allowed.

7 5. The director shall determine for the ~~1989~~ 2022 and each
8 subsequent calendar year the annual and cumulative inflation
9 factors for each calendar year to be applied to tax years
10 beginning on or after January 1 of that calendar year. The
11 director shall compute the new ~~dollar amounts~~ tax rates
12 as specified to be adjusted in [section 422.5](#) by the latest
13 cumulative inflation factor and round off the result to the
14 nearest ~~one dollar~~ one-hundredth of one percent. The annual
15 and cumulative inflation factors determined by the director
16 are not rules as defined in [section 17A.2, subsection 11](#). ~~The~~
17 ~~director shall determine for the 1990 calendar year and each~~
18 ~~subsequent calendar year the annual and cumulative standard~~
19 ~~deduction factors to be applied to tax years beginning on or~~
20 ~~after January 1 of that calendar year. The director shall~~
21 ~~compute the new dollar amounts of the standard deductions~~
22 ~~specified in [section 422.9, subsection 1](#), by the latest~~
23 ~~cumulative standard deduction factor and round off the result~~
24 ~~to the nearest ten dollars. The annual and cumulative standard~~
25 ~~deduction factors determined by the director are not rules as~~
26 ~~defined in [section 17A.2, subsection 11](#).~~

27 7. If married taxpayers file a joint return ~~or file~~
28 ~~separately on a combined return~~ in accordance with rules
29 prescribed by the director, both spouses are jointly and
30 severally liable for the total tax due on the return, except
31 when one spouse is considered to be an innocent spouse under
32 criteria established pursuant to section 6015 of the Internal
33 Revenue Code.

34 Sec. 37. Section 422.32, subsection 1, paragraph h, Code
35 2018, is amended to read as follows:

1 *h.* “*Internal Revenue Code*” means the Internal Revenue Code
2 of 1954, prior to the date of its redesignation as the Internal
3 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
4 the Internal Revenue Code of 1986, as amended ~~and in effect~~
5 ~~on January 1, 2015. This definition shall not be construed~~
6 ~~to include any amendment to the Internal Revenue Code enacted~~
7 ~~after the date specified in the preceding sentence, including~~
8 ~~any amendment with retroactive applicability or effectiveness.~~

9 Sec. 38. Section 422.33, subsection 1, paragraphs a, b, c,
10 and d, Code 2018, are amended to read as follows:

11 *a.* On the first twenty-five thousand dollars of taxable
12 income, or any part thereof, the rate of six percent for tax
13 years beginning prior to January 1, 2021, and the rate of
14 five and one-half percent for tax years beginning on or after
15 January 1, 2021.

16 *b.* On taxable income between twenty-five thousand dollars
17 and one hundred thousand dollars or any part thereof, the rate
18 of eight percent for tax years beginning prior to January 1,
19 2021, and the rate of five and one-half percent for tax years
20 beginning on or after January 1, 2021.

21 *c.* On taxable income between one hundred thousand dollars
22 and two hundred fifty thousand dollars or any part thereof, the
23 rate of ten percent for tax years beginning prior to January 1,
24 2020, the rate of eight percent for tax years beginning during
25 the 2020 calendar year, and the rate of five and one-half
26 percent for tax years beginning on or after January 1, 2021.

27 *d.* On taxable income of two hundred fifty thousand dollars
28 or more, the rate of ~~twelve~~ ten percent for tax years beginning
29 on or after January 1, 2019, but prior to January 1, 2021, the
30 rate of eight percent for tax years beginning during the 2021
31 calendar year, and the rate of seven percent for tax years
32 beginning on or after January 1, 2022.

33 Sec. 39. Section 422.33, subsection 4, Code 2018, is amended
34 by striking the subsection.

35 Sec. 40. Section 422.35, unnumbered paragraph 1, Code 2018,

1 is amended to read as follows:

2 The term "*net income*" means the taxable income ~~before the~~
3 ~~net operating loss deduction~~, as properly computed for federal
4 income tax purposes under the Internal Revenue Code, with the
5 following adjustments:

6 Sec. 41. Section 422.35, subsection 4, Code 2018, is amended
7 to read as follows:

8 4. Subtract fifty percent of the federal income taxes paid
9 or accrued, as the case may be, during the tax year to the
10 extent payment is for a tax year beginning prior to January 1,
11 2019, adjusted by any federal income tax refunds; ~~and add the~~
12 ~~Iowa income tax deducted in computing said taxable income to~~
13 the extent the tax was deducted for a tax year beginning prior
14 to January 1, 2019.

15 Sec. 42. Section 422.35, subsection 6, paragraph a,
16 unnumbered paragraph 1, Code 2018, is amended to read as
17 follows:

18 ~~¶~~ For tax years beginning before January 1, 2022, if the
19 taxpayer is a small business corporation, subtract an amount
20 equal to sixty-five percent of the wages paid to individuals,
21 but not to exceed twenty thousand dollars per individual, named
22 in subparagraphs (1), (2), and (3) who were hired for the first
23 time by the taxpayer during the tax year for work done in this
24 state:

25 Sec. 43. Section 422.35, subsection 6A, paragraph a,
26 unnumbered paragraph 1, Code 2018, is amended to read as
27 follows:

28 ~~¶~~ For tax years beginning prior to January 1, 2022, if the
29 taxpayer is a business corporation and does not qualify for
30 the adjustment under **subsection 6**, subtract an amount equal to
31 sixty-five percent of the wages paid to individuals, but shall
32 not exceed twenty thousand dollars per individual, named in
33 subparagraphs (1) and (2) who were hired for the first time by
34 the taxpayer during the tax year for work done in this state:

35 Sec. 44. Section 422.35, subsection 11, Code 2018, is

1 amended by striking the subsection and inserting in lieu
2 thereof the following:

3 11. *a.* Add any federal net operating loss deduction carried
4 over from a taxable year beginning prior to January 1, 2019.

5 *b.* Any Iowa net operating loss carried over from a taxable
6 year beginning prior to January 1, 2019, may be deducted as
7 provided in section 422.35, subsection 11, Code 2018.

8 Sec. 45. Section 422.35, Code 2018, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 23. The additional first-year depreciation
11 allowance authorized in section 168(k) of the Internal Revenue
12 Code does not apply in computing net income for state tax
13 purposes. If the taxpayer has taken the additional first-year
14 depreciation allowance for purposes of computing federal
15 taxable income, then the taxpayer shall make the following
16 adjustments to federal taxable income when computing net income
17 for state tax purposes:

18 *a.* Add the total amount of depreciation taken under section
19 168(k) of the Internal Revenue Code for the tax year.

20 *b.* Subtract the amount of depreciation allowable under the
21 modified accelerated cost recovery system described in section
22 168 of the Internal Revenue Code and calculated without regard
23 to section 168(k).

24 *c.* Any other adjustments to gains or losses necessary to
25 reflect the adjustments made in paragraphs "a" and "b". The
26 director shall adopt rules for the administration of this
27 paragraph.

28 Sec. 46. Section 422.35, subsections 3, 5, 7, 8, 10, 16,
29 17, 18, 19, 19A, 19B, 20, 22, and 24, Code 2018, are amended by
30 striking the subsections.

31 Sec. 47. Section 541B.3, subsection 1, paragraph b, Code
32 2018, is amended to read as follows:

33 *b.* A married couple electing to file a joint Iowa individual
34 income tax return may establish a joint first-time homebuyer
35 savings account. Married taxpayers electing to file separate

1 tax returns ~~or separately on a combined tax return~~ for Iowa tax
2 purposes shall not establish or maintain a joint first-time
3 homebuyer savings account.

4 Sec. 48. Section 541B.6, Code 2018, is amended to read as
5 follows:

6 **541B.6 Tax considerations.**

7 The state income tax treatment of a first-time homebuyer
8 savings account shall be as provided in section 422.7,
9 subsection 41, and ~~section 422.9, subsection 2, paragraph "k"~~.

10 Sec. 49. EFFECTIVE DATE. This division of this Act takes
11 effect January 1, 2019.

12 Sec. 50. APPLICABILITY. This division of this Act applies
13 to tax years beginning on or after January 1, 2019.

14 DIVISION III

15 TAX CREDITS

16 Sec. 51. Section 8.57E, subsection 2, Code 2018, is amended
17 to read as follows:

18 2. Moneys in the taxpayers trust fund shall only be used
19 pursuant to appropriations or transfers made by the general
20 assembly for tax relief. During each fiscal year beginning on
21 or after July 1, 2014, but before June 30, 2020, in which the
22 balance of the taxpayers trust fund equals or exceeds thirty
23 million dollars, there is transferred from the taxpayers trust
24 fund to the Iowa taxpayers trust fund tax credit fund created
25 in [section 422.11E](#), the entire balance of the taxpayers trust
26 fund to be used for the Iowa taxpayers trust fund tax credit in
27 accordance with [section 422.11E, subsection 5](#).

28 Sec. 52. Section 15.119, subsection 2, paragraph a, Code
29 2018, is amended by striking the paragraph and inserting in
30 lieu thereof the following:

31 a. The high quality jobs program administered pursuant
32 to sections 15.326 through 15.336. In allocating tax
33 credits pursuant to this subsection, the authority shall not
34 allocate more than eighty million dollars for purposes of this
35 paragraph.

1 Sec. 53. Section 15.119, subsection 2, paragraphs d, e, and
2 g, Code 2018, are amended to read as follows:

3 d. The tax credits for investments in qualifying businesses
4 issued pursuant to [section 15E.43](#). In allocating tax credits
5 pursuant to [this subsection](#), the authority shall not allocate
6 ~~two more than four~~ million dollars for purposes of this
7 paragraph, ~~unless the authority determines that the tax credits~~
8 ~~awarded will be less than that amount.~~

9 e. The tax credits for investments in an innovation fund
10 pursuant to [section 15E.52](#). In allocating tax credits pursuant
11 to [this subsection](#) in a fiscal year in which the allocation for
12 purposes of paragraph "d" does not exceed two million dollars,
13 the authority shall not allocate more than eight million
14 dollars for purposes of this paragraph, ~~unless the authority~~
15 ~~determines that the tax credits awarded will be less than that~~
16 ~~amount.~~ In allocating tax credits pursuant to this subsection
17 in a fiscal year in which the allocation for purposes of
18 paragraph "d" exceeds two million dollars, the authority shall
19 not allocate for purposes of this paragraph an amount that
20 exceeds an amount equal to the difference of eight million
21 dollars less the amount that the allocation for purposes of
22 paragraph "d" exceeds two million dollars for the same fiscal
23 year.

24 g. The workforce housing tax incentives program administered
25 pursuant to [sections 15.351 through 15.356](#). In allocating
26 tax credits pursuant to [this subsection](#), the authority shall
27 not allocate more than ~~twenty~~ twenty-two million dollars for
28 purposes of this paragraph. Of the moneys allocated under this
29 paragraph, ~~five~~ seven million dollars shall be reserved for
30 allocation to qualified housing projects in small cities, as
31 defined in [section 15.352](#), that are registered on or after July
32 1, 2017.

33 Sec. 54. Section 15.329, subsection 1, paragraph f, Code
34 2018, is amended to read as follows:

35 f. The business shall not be a retail business or a business

1 where entrance is limited by a cover charge or membership
2 requirement, or a web search portal business as defined in
3 section 423.3, subsection 93, or a data center business as
4 defined in section 423.3, subsection 95, unless such web search
5 portal business or data center business had a physical presence
6 in this state prior to January 1, 2019.

7 Sec. 55. Section 15.331A, subsection 1, Code 2018, is
8 amended to read as follows:

9 1. The eligible business shall be entitled to a refund
10 of the sales and use taxes paid under **chapter 423** for gas,
11 electricity, water, or sewer utility services, goods, wares, or
12 merchandise, or on services rendered, furnished, or performed
13 to or for a contractor or subcontractor and used in the
14 fulfillment of a written contract relating to the construction
15 or equipping of a facility that is part of a project of the
16 eligible business. Taxes attributable to intangible property
17 and furniture and furnishings shall not be refunded. ~~However,~~
18 ~~an eligible business shall be entitled to a refund for taxes~~
19 ~~attributable to racks, shelving, and conveyor equipment to be~~
20 ~~used in a warehouse or distribution center subject to section~~
21 ~~15.331C.~~

22 Sec. 56. Section 15.331C, Code 2018, is amended to read as
23 follows:

24 **15.331C Corporate tax credit for certain sales taxes paid by**
25 **third-party developer.**

26 1. An eligible business may claim a corporate tax credit
27 in an amount equal to the sales and use taxes paid by a
28 third-party developer under **chapter 423** for gas, electricity,
29 water, or sewer utility services, goods, wares, or merchandise,
30 or on services rendered, furnished, or performed to or for a
31 contractor or subcontractor and used in the fulfillment of a
32 written contract relating to the construction or equipping of
33 a facility of the eligible business. Taxes attributable to
34 intangible property and furniture and furnishings shall not
35 be included, ~~but taxes attributable to racks, shelving, and~~

1 ~~conveyor equipment to be used in a warehouse or distribution~~
2 ~~center shall be included.~~ Any credit in excess of the tax
3 liability for the tax year may be credited to the tax liability
4 for the following seven years or until depleted, whichever
5 occurs earlier. An eligible business may elect to receive a
6 refund of all or a portion of an unused tax credit.

7 2. A third-party developer shall state under oath, on
8 forms provided by the department of revenue, the amount of
9 taxes paid as described in [subsection 1](#) and shall submit such
10 forms to the department of revenue. ~~The taxes paid shall be~~
11 ~~itemized to allow identification of the taxes attributable~~
12 ~~to racks, shelving, and conveyor equipment to be used in a~~
13 ~~warehouse or distribution center.~~ After receiving the form
14 from the third-party developer, the department of revenue shall
15 issue a tax credit certificate to the eligible business equal
16 to the sales and use taxes paid by a third-party developer
17 under [chapter 423](#) for gas, electricity, water, or sewer
18 utility services, goods, wares, or merchandise, or on services
19 rendered, furnished, or performed to or for a contractor or
20 subcontractor and used in the fulfillment of a written contract
21 relating to the construction or equipping of a facility.
22 ~~The department of revenue shall also issue a tax credit~~
23 ~~certificate to the eligible business equal to the taxes paid~~
24 ~~and attributable to racks, shelving, and conveyor equipment to~~
25 ~~be used in a warehouse or distribution center.~~ The aggregate
26 combined total amount of tax refunds under [section 15.331A](#) for
27 taxes attributable to racks, shelving, and conveyor equipment
28 to be used in a warehouse or distribution center and of tax
29 credit certificates issued by the department of revenue for the
30 taxes paid and attributable to racks, shelving, and conveyor
31 equipment to be used in a warehouse or distribution center
32 shall not exceed five hundred thousand dollars in a fiscal
33 year. If an applicant for a tax credit certificate does not
34 receive a certificate for the taxes paid and attributable
35 to racks, shelving, and conveyor equipment to be used in a

1 ~~warehouse or distribution center, the application shall be~~
2 ~~considered in succeeding fiscal years.~~ The eligible business
3 shall not claim a tax credit under **this section** unless a tax
4 credit certificate issued by the department of revenue is
5 included with the taxpayer's tax return for the tax year for
6 which the tax credit is claimed. A tax credit certificate
7 shall contain the eligible business's name, address, tax
8 identification number, the amount of the tax credit, and other
9 information deemed necessary by the department of revenue.

10 Sec. 57. Section 15.335, subsection 7, paragraph b, Code
11 2018, is amended by striking the paragraph and inserting in
12 lieu thereof the following:

13 *b.* For purposes of this section, "*Internal Revenue Code*"
14 means the same as defined in section 422.3.

15 Sec. 58. Section 15.335, subsection 8, Code 2018, is amended
16 by striking the subsection and inserting in lieu thereof the
17 following:

18 8. Any tax credit in excess of the taxpayer's liability for
19 the tax year is not refundable and may not be credited to the
20 tax liability for any other year.

21 Sec. 59. Section 16.80, subsection 5, paragraphs a and b,
22 Code 2018, are amended to read as follows:

23 *a.* Except as provided in paragraph "*b*", the tax credit shall
24 equal ~~five~~ seven percent of the amount paid to the taxpayer
25 under the agreement.

26 *b.* The tax credit shall equal ~~fifteen~~ seventeen percent
27 of the amount paid to the taxpayer from crops or animals sold
28 under an agreement in which the payment is exclusively made
29 from the sale of crops or animals.

30 Sec. 60. Section 16.80, subsection 10, Code 2018, is amended
31 to read as follows:

32 10. The amount of tax credit certificates that may be issued
33 pursuant to **this section** shall not exceed ~~six~~ eight million
34 dollars in any fiscal year. The authority shall issue the tax
35 credit certificates on a first-come, first-served basis.

1 Sec. 61. NEW SECTION. **260G.8 Future repeal.**

2 This chapter is repealed effective July 1, 2025.

3 Sec. 62. Section 403.19A, subsection 3, paragraph c,
4 subparagraph (2), Code 2018, is amended to read as follows:

5 (2) The pilot project city and the economic development
6 authority shall not enter into a withholding agreement after
7 June 30, ~~2018~~ 2019.

8 Sec. 63. Section 404A.4, subsection 1, paragraph a, Code
9 2018, is amended to read as follows:

10 a. Except as provided in subsections 2 and 3, the authority
11 shall not award in any one fiscal year an amount of tax credits
12 provided in section 404A.2 in excess of ~~forty-five~~ forty
13 million dollars.

14 Sec. 64. Section 404A.4, subsections 2 and 3, Code 2018, are
15 amended by striking the subsections.

16 Sec. 65. NEW SECTION. **404A.7 Future repeal.**

17 This chapter is repealed effective July 1, 2025.

18 Sec. 66. Section 422.10, subsection 1, Code 2018, is amended
19 by adding the following new paragraph:

20 NEW PARAGRAPH. *0a.* An individual shall only be eligible for
21 the credit provided in this section if the business conducting
22 the research meets all of the following requirements:

23 (1) (a) The business is engaged in the manufacturing,
24 life sciences, software engineering, or aviation and aerospace
25 industry.

26 (b) A person who is engaged in agricultural production
27 as defined in section 423.1, or who is a contractor,
28 subcontractor, builder, or a contractor-retailer that engages
29 in commercial and residential repair and installation,
30 including but not limited to heating or cooling installation
31 and repair, plumbing and pipe fitting, security system
32 installation, or electrical installation and repair, does not
33 qualify under subparagraph division (a) and is not eligible
34 for the credit. For purposes of this subparagraph division,
35 "*contractor-retailer*" means a business that makes frequent

1 retail sales to the public or to other contractors and that
2 also engages in the performance of construction contracts.

3 (2) The business claims and is allowed a research credit
4 for such qualified research expenses under section 41 of the
5 Internal Revenue Code for the same taxable year as it is
6 claiming the credit provided in this section.

7 Sec. 67. Section 422.10, subsection 3, Code 2018, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. *0a.* For purposes of this section, "*base*
10 *amount*" means the product of the fixed-based percentage times
11 the average annual gross receipts of the taxpayer for the four
12 taxable years preceding the taxable year for which the credit
13 is being determined, but in no event shall the base amount be
14 less than fifty percent of the qualified research expenses for
15 the credit year.

16 Sec. 68. Section 422.10, subsection 3, paragraph a, Code
17 2018, is amended to read as follows:

18 *a.* For purposes of **this section**, "~~*base amount*~~", "*basic*
19 *research payment*", and "*qualified research expense*" mean the
20 same as defined for the federal credit for increasing research
21 activities under section 41 of the Internal Revenue Code,
22 except that for the alternative simplified credit such amounts
23 are for research conducted within this state.

24 Sec. 69. Section 422.10, subsection 3, paragraph b, Code
25 2018, is amended by striking the paragraph.

26 Sec. 70. Section 422.11B, Code 2018, is amended to read as
27 follows:

28 **422.11B Minimum tax credit.**

29 1. *a.* There ~~For tax years beginning before January 1, 2020,~~
30 there is allowed as a credit against the tax determined in
31 section 422.5, subsection 1, paragraphs "~~a~~" through "~~j~~" for a
32 tax year an amount equal to the minimum tax credit for that tax
33 year.

34 *b.* The minimum tax credit for a tax year is the excess, if
35 any, of the net minimum tax imposed for all prior tax years

1 beginning on or after January 1, 1987, but before January 1,
2 2019, over the amount allowable as a credit under this section
3 for those prior tax years.

4 2. a. The allowable credit under subsection 1 for a
5 tax year beginning before January 1, 2019, shall not exceed
6 the excess, if any, of the tax determined in section 422.5,
7 subsection 1, ~~paragraphs "a" through "j"~~ over the state
8 alternative minimum tax as determined in section 422.5,
9 subsection 2, Code 2018. The allowable credit under subsection
10 1 for a tax year beginning in the 2019 calendar year shall not
11 exceed the tax determined under section 422.5, subsection 1.

12 b. The net minimum tax for a tax year is the excess, if
13 any, of the tax determined in section 422.5, subsection 2,
14 Code 2018, for the tax year over the tax determined in section
15 422.5, subsection 1, ~~paragraphs "a" through "j"~~ for the tax
16 year.

17 3. This section is repealed January 1, 2020, for tax years
18 beginning on or after January 1, 2020.

19 Sec. 71. Section 422.11E, Code 2018, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 6. This section is repealed on January 1,
22 2020.

23 Sec. 72. Section 422.11S, subsection 6, paragraph a, Code
24 2018, is amended to read as follows:

25 a. "*Eligible student*" means a student who is a member of a
26 household whose total annual income during the calendar year
27 before the student receives a tuition grant for purposes of
28 this section does not exceed an amount equal to ~~three~~ four
29 times the most recently published federal poverty guidelines in
30 the federal register by the United States department of health
31 and human services.

32 Sec. 73. Section 422.11S, subsection 8, paragraph a,
33 subparagraph (2), Code 2018, is amended to read as follows:

34 (2) "*Total approved tax credits*" means for the tax year
35 beginning in the 2006 calendar year, two million five hundred

1 thousand dollars, for the tax year beginning in the 2007
2 calendar year, five million dollars, for tax years beginning
3 on or after January 1, 2008, but before January 1, 2012, seven
4 million five hundred thousand dollars, for tax years beginning
5 on or after January 1, 2012, but before January 1, 2014, eight
6 million seven hundred fifty thousand dollars, and for tax years
7 beginning on or after January 1, 2014, but before January 1,
8 2019, twelve million dollars, and for tax years beginning on or
9 after January 1, 2019, thirteen million dollars.

10 Sec. 74. Section 422.12, subsection 2, paragraph b, Code
11 2018, is amended to read as follows:

12 b. A For tax years beginning before January 1, 2022, a
13 tuition credit equal to twenty-five percent of the first one
14 thousand dollars which the taxpayer has paid to others for each
15 dependent in grades kindergarten through twelve, for tuition
16 and textbooks of each dependent in attending an elementary or
17 secondary school situated in Iowa, which school is accredited
18 or approved under [section 256.11](#), which is not operated for
19 profit, and which adheres to the provisions of the federal
20 Civil Rights Act of 1964 and [chapter 216](#). Notwithstanding
21 any other provision, all other credits allowed under this
22 subsection shall be deducted before the tuition credit under
23 this paragraph. The department, when conducting an audit of
24 a taxpayer's return, shall also audit the tuition tax credit
25 portion of the tax return.

26 Sec. 75. Section 422.12, subsection 2, paragraph c,
27 subparagraph (1), Code 2018, is amended to read as follows:

28 (1) A For tax years beginning before January 1, 2022,
29 a volunteer fire fighter and volunteer emergency medical
30 services personnel member credit equal to one hundred dollars
31 to compensate the taxpayer for the voluntary services if the
32 volunteer served for the entire tax year. A taxpayer who
33 is a paid employee of an emergency medical services program
34 or a fire department and who is also a volunteer emergency
35 medical services personnel member or volunteer fire fighter in

1 a city, county, or area governed by an agreement pursuant to
2 chapter 28E where the emergency medical services program or
3 fire department performs services, shall qualify for the credit
4 provided under this paragraph "c".

5 Sec. 76. Section 422.12, subsection 2, paragraph d,
6 subparagraph (1), Code 2018, is amended to read as follows:

7 (1) A For tax years beginning before January 1, 2022, a
8 reserve peace officer credit equal to one hundred dollars to
9 compensate the taxpayer for services as a reserve peace officer
10 if the reserve peace officer served for the entire tax year.

11 Sec. 77. Section 422.33, subsection 5, Code 2018, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. *0e.* A corporation shall only be
14 eligible for the credit provided in this subsection if the
15 business conducting the research meets all of the following
16 requirements:

17 (1) (a) The business is engaged in the manufacturing,
18 life sciences, software engineering, or aviation and aerospace
19 industry.

20 (b) A person who is engaged in agricultural production
21 as defined in section 423.1, or who is a contractor,
22 subcontractor, builder, or a contractor-retailer that engages
23 in commercial and residential repair and installation,
24 including but not limited to heating or cooling installation
25 and repair, plumbing and pipe fitting, security system
26 installation, or electrical installation and repair, does not
27 qualify under subparagraph division (a) and is not eligible
28 for the credit. For purposes of this subparagraph division,
29 "contractor-retailer" means a business that makes frequent
30 retail sales to the public or to other contractors and that
31 also engages in the performance of construction contracts.

32 (2) The business claims and is allowed a research credit
33 for such qualified research expenses under section 41 of the
34 Internal Revenue Code for the same taxable year as it is
35 claiming the credit provided in this subsection.

1 Sec. 78. Section 422.33, subsection 5, paragraph e, Code
2 2018, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (01) For purposes of this section, "*base*
4 *amount*" means the product of the fixed-based percentage times
5 the average annual gross receipts of the taxpayer for the four
6 taxable years preceding the taxable year for which the credit
7 is being determined, but in no event shall the base amount be
8 less than fifty percent of the qualified research expenses for
9 the credit year.

10 Sec. 79. Section 422.33, subsection 5, paragraph e,
11 subparagraph (1), Code 2018, is amended to read as follows:

12 (1) For purposes of **this subsection**, "~~*base amount*~~", "*basic*
13 *research payment*", and "*qualified research expense*" mean the
14 same as defined for the federal credit for increasing research
15 activities under section 41 of the Internal Revenue Code,
16 except that for the alternative simplified credit such amounts
17 are for research conducted within this state.

18 Sec. 80. Section 422.33, subsection 5, paragraph e,
19 subparagraph (2), Code 2018, is amended by striking the
20 subparagraph.

21 Sec. 81. Section 422.33, subsection 7, Code 2018, is amended
22 to read as follows:

23 7. *a.* (1) ~~There~~ For tax years beginning before January 1,
24 2020, there is allowed as a credit against the tax determined
25 in **subsection 1** for a tax year an amount equal to the minimum
26 tax credit for that tax year.

27 (2) The minimum tax credit for a tax year is the excess,
28 if any, of the net minimum tax imposed for all prior tax years
29 beginning on or after January 1, 1987, but before January
30 1, 2019, over the amount allowable as a credit under this
31 subsection for those prior tax years.

32 *b.* (1) The allowable credit under paragraph "*a*" for a tax
33 year beginning before January 1, 2019, shall not exceed the
34 excess, if any, of the tax determined in **subsection 1** over
35 the state alternative minimum tax as determined in subsection

1 4. The allowable credit under paragraph "a" for a tax year
2 beginning in the 2019 calendar year shall not exceed the tax
3 determined in subsection 1.

4 (2) The net minimum tax for a tax year is the excess, if
5 any, of the tax determined in [subsection 4](#) for the tax year
6 over the tax determined in [subsection 1](#) for the tax year.

7 c. This subsection is repealed January 1, 2020, for tax
8 years beginning on or after January 1, 2020.

9 Sec. 82. 2018 INTERIM TAX CREDIT STUDY. The legislative tax
10 expenditure committee created in section 2.45 shall study all
11 tax credits available under Iowa law during the 2018 interim.
12 The study shall comprehensively review and evaluate each tax
13 credit to assess its cost, equity, simplicity, competitiveness,
14 public purpose, adequacy, effectiveness, and the extent of
15 conformance with the original purpose of the tax credit. The
16 legislative tax expenditure committee shall also consider
17 new or different tax credits or other incentive programs
18 for economic development that will improve predictability,
19 flexibility, and utilization, and put Iowa in the best position
20 for attracting and retaining business in the future. The
21 legislative tax expenditure committee shall submit its findings
22 and recommendations to the general assembly for consideration
23 during the 2019 legislative session.

24 Sec. 83. FUTURE REPEAL. Sections 15.326, 15.327, 15.329,
25 15.330, 15.330A, 15.331A, 15.331C, 15.332, 15.333, 15.333A,
26 15.335, 15.335A, 15.335B, 15.335C, and 15.336, Code 2018, are
27 repealed effective July 1, 2025.

28 Sec. 84. REPEAL. Sections 422.10A, 422.11I, and 422.11N,
29 Code 2018, are repealed.

30 Sec. 85. REPEAL. Section 422.11L, Code 2018, is repealed.

31 Sec. 86. REPEAL. Chapter 190B, Code 2018, is repealed.

32 Sec. 87. EFFECTIVE DATE AND APPLICABILITY.

33 1. Except as provided in subsections 2 through 15, this
34 division of this Act takes effect January 1, 2019, and applies
35 to tax years beginning on or after that date.

1 2. The section of this division of this Act repealing
2 section 422.11L, takes effect July 1, 2018, and applies to
3 solar energy system installations occurring on or after that
4 date.

5 3. The section of this division of this Act striking and
6 replacing section 15.119, subsection 2, paragraph "a", takes
7 effect July 1, 2018.

8 4. The section of this division of this Act amending section
9 15.119, subsection 2, paragraphs "d", "e", and "g", takes
10 effect July 1, 2018.

11 5. The sections of this division of this Act amending
12 section 404A.4 take effect July 1, 2018.

13 6. The section of this division of this Act amending section
14 16.80, subsection 10, takes effect July 1, 2018.

15 7. The sections of this division of this Act enacting
16 section 422.10, subsection 1, paragraph "0a", and enacting
17 section 422.33, subsection 5, paragraph "0e", being deemed of
18 immediate importance, take effect upon enactment, and apply
19 retroactively to January 1, 2018, for tax years beginning on or
20 after that date and for tax returns, including amended returns,
21 filed on or after that date for any tax year.

22 8. The sections of this division of this Act amending
23 section 422.10, subsection 3, paragraph "a", and section
24 422.33, subsection 5, paragraph "e", subparagraph (1), and
25 enacting section 422.10, subsection 3, paragraph "0a", and
26 section 422.33, subsection 5, paragraph "e", subparagraph
27 (01), being deemed of immediate importance, take effect upon
28 enactment, and apply retroactively to January 1, 2010, for tax
29 years beginning on or after that date.

30 9. The section of this division of this Act amending section
31 15.329, subsection 1, paragraph "f", takes effect July 1, 2018.

32 10. The section of this division of this Act amending
33 section 403.19A, subsection 3, paragraph "c", subparagraph (2),
34 takes effect July 1, 2018.

35 11. The section of this division of this Act establishing

1 a 2018 interim tax credit study by the legislative tax
2 expenditure committee takes effect July 1, 2018.

3 12. The sections of this division of this Act amending
4 section 15.331A, subsection 1, section 15.331C, and section
5 15.335, subsection 8, apply to high quality jobs program
6 agreements entered into on or after July 1, 2018, and high
7 quality jobs program agreements entered into prior to July
8 1, 2018, shall be governed by section 15.331A, subsection 1,
9 section 15.331C, and section 15.335, subsection 8, Code 2018.

10 13. The repeal of the accelerated career education program
11 by the section of this division of this Act enacting section
12 260G.8, shall not constitute grounds for rescission or
13 modification of agreements entered into under chapter 260G
14 prior to July 1, 2025. Any agreement entered into under
15 chapter 260G prior to July 1, 2025, shall remain in effect
16 until it expires under its own terms, and shall be governed by
17 chapter 260G as that chapter existed immediately prior to July
18 1, 2025.

19 14. The repeal of the historic preservation tax credit
20 program by the section of this division of this Act enacting
21 section 404A.7, shall not constitute grounds for rescission
22 or modification of agreements entered into under chapter 404A
23 prior to July 1, 2025. Any agreement entered into under
24 chapter 404A prior to July 1, 2025, shall remain in effect
25 until it expires under its own terms, and shall be governed by
26 chapter 404A as that chapter existed immediately prior to July
27 1, 2025.

28 15. The repeal of the high quality jobs program by the
29 section of this division of this Act repealing sections 15.326,
30 15.327, 15.329, 15.330, 15.330A, 15.331A, 15.331C, 15.332,
31 15.333, 15.333A, 15.335, 15.335A, 15.335B, 15.335C, and 15.336,
32 shall not constitute grounds for rescission or modification of
33 agreements entered into under those sections prior to July 1,
34 2025. Any agreement entered into under those sections prior
35 to July 1, 2025, shall remain in effect until it expires under

1 its own terms, and shall be governed by those sections as they
2 existed immediately prior to July 1, 2025.

3 DIVISION IV

4 FRANCHISE TAX AND MONEYS AND CREDITS TAX

5 Sec. 88. Section 15.293A, subsection 1, paragraph a, Code
6 2018, is amended to read as follows:

7 a. A redevelopment tax credit shall be allowed against
8 the taxes imposed in [chapter 422, divisions II, III, and V](#),
9 and in [chapter 432](#), and ~~against the moneys and credits tax~~
10 ~~imposed in [section 533.329](#)~~, for a portion of a taxpayer's
11 equity investment, as provided in [subsection 3](#), in a qualifying
12 redevelopment project.

13 Sec. 89. Section 15.293A, subsection 2, paragraphs c and f,
14 Code 2018, are amended to read as follows:

15 c. The tax credit certificate, unless rescinded by the
16 authority, shall be accepted by the department of revenue as
17 payment for taxes imposed pursuant to [chapter 422, divisions](#)
18 [II, III, and V](#), and in [chapter 432](#), and ~~for the moneys and~~
19 ~~credits tax imposed in [section 533.329](#)~~, subject to any
20 conditions or restrictions placed by the authority upon
21 the face of the tax credit certificate and subject to the
22 limitations of [this section](#).

23 f. A tax credit shall not be claimed by a transferee
24 under [this section](#) until a replacement tax credit certificate
25 identifying the transferee as the proper holder has been
26 issued. The transferee may use the amount of the tax credit
27 transferred against the taxes imposed in [chapter 422, divisions](#)
28 [II, III, and V](#), and in [chapter 432](#), and ~~against the moneys and~~
29 ~~credits tax imposed in [section 533.329](#)~~, for any tax year the
30 original transferor could have claimed the tax credit. Any
31 consideration received for the transfer of the tax credit shall
32 not be included as income under [chapter 422, divisions II, III,](#)
33 [and V](#). Any consideration paid for the transfer of the tax
34 credit shall not be deducted from income under [chapter 422,](#)
35 [divisions II, III, and V](#).

1 Sec. 90. Section 15.333, subsection 1, Code 2018, is amended
2 to read as follows:

3 1. An eligible business may claim a tax credit equal to a
4 percentage of the new investment directly related to new jobs
5 created or retained by the project. The tax credit shall be
6 amortized equally over five calendar years. The tax credit
7 shall be allowed against taxes imposed under chapter 422,
8 division II, III, or V, ~~and against the moneys and credits tax~~
9 ~~imposed in [section 533.329](#)~~. If the business is a partnership,
10 S corporation, limited liability company, cooperative organized
11 under [chapter 501](#) and filing as a partnership for federal tax
12 purposes, or estate or trust electing to have the income taxed
13 directly to the individual, an individual may claim the tax
14 credit allowed. The amount claimed by the individual shall
15 be based upon the pro rata share of the individual's earnings
16 of the partnership, S corporation, limited liability company,
17 cooperative organized under [chapter 501](#) and filing as a
18 partnership for federal tax purposes, or estate or trust. The
19 percentage shall be determined as provided in [section 15.335A](#).
20 Any tax credit in excess of the tax liability for the tax year
21 may be credited to the tax liability for the following seven
22 years or until depleted, whichever occurs first.

23 Sec. 91. Section 15.355, subsection 3, paragraph b, Code
24 2018, is amended to read as follows:

25 *b.* The tax credit shall be allowed against the taxes imposed
26 in [chapter 422, divisions II, III, and V](#), and in [chapter 432](#),
27 ~~and against the moneys and credits tax imposed in section~~
28 ~~533.329~~.

29 Sec. 92. Section 15.355, subsection 3, paragraph e,
30 subparagraphs (3) and (6), Code 2018, are amended to read as
31 follows:

32 (3) The tax credit certificate, unless rescinded by the
33 authority, shall be accepted by the department of revenue as
34 payment for taxes imposed pursuant to chapter 422, divisions
35 II, III, and V, and in [chapter 432](#), ~~and for the moneys and~~

1 ~~credits tax imposed in section 533.329,~~ subject to any
2 conditions or restrictions placed by the authority upon
3 the face of the tax credit certificate and subject to the
4 limitations of this program.

5 (6) A tax credit shall not be claimed by a transferee
6 under [this section](#) until a replacement tax credit certificate
7 identifying the transferee as the proper holder has been
8 issued. The transferee may use the amount of the tax credit
9 transferred against the taxes imposed in chapter 422, divisions
10 II, III, and V, and in [chapter 432](#), and ~~against the moneys and~~
11 ~~credits tax imposed in section 533.329,~~ for any tax year the
12 original transferor could have claimed the tax credit. Any
13 consideration received for the transfer of the tax credit shall
14 not be included as income under chapter 422, divisions II,
15 III, and V. Any consideration paid for the transfer of the tax
16 credit shall not be deducted from income under chapter 422,
17 divisions II, III, and V.

18 Sec. 93. Section 15E.43, subsection 1, paragraphs a and d,
19 Code 2018, are amended to read as follows:

20 a. For tax years beginning on or after January 1, 2015,
21 a tax credit shall be allowed against the taxes imposed in
22 chapter 422, divisions II, III, and V, and in [chapter 432](#), and
23 ~~against the moneys and credits tax imposed in section 533.329,~~
24 for a portion of a taxpayer's equity investment, as provided in
25 subsection 2, in a qualifying business.

26 d. For a tax credit claimed against the taxes imposed in
27 chapter 422, division II, any tax credit in excess of the
28 tax liability is refundable. In lieu of claiming a refund,
29 the taxpayer may elect to have the overpayment shown on
30 the taxpayer's final, completed return credited to the tax
31 liability for the following tax year. For a tax credit claimed
32 against the taxes imposed in chapter 422, divisions III and
33 V, and in [chapter 432](#), and ~~against the moneys and credits tax~~
34 ~~imposed in section 533.329,~~ any tax credit in excess of the
35 taxpayer's liability for the tax year may be credited to the

1 tax liability for the following three years or until depleted,
2 whichever is earlier. A tax credit shall not be carried back
3 to a tax year prior to the tax year in which the taxpayer
4 redeems the tax credit.

5 Sec. 94. Section 15E.44, subsection 4, Code 2018, is amended
6 to read as follows:

7 4. After verifying the eligibility of a qualifying
8 business, the authority shall issue a tax credit certificate
9 to be included with the equity investor's tax return. The tax
10 credit certificate shall contain the taxpayer's name, address,
11 tax identification number, the amount of credit, the name of
12 the qualifying business, and other information required by the
13 department of revenue. The tax credit certificate, unless
14 rescinded by the authority, shall be accepted by the department
15 of revenue as payment for taxes imposed pursuant to chapter
16 422, divisions II, III, and V, and in [chapter 432](#), and ~~for the~~
17 ~~moneys and credits tax imposed in [section 533.329](#)~~, subject to
18 any conditions or restrictions placed by the authority upon
19 the face of the tax credit certificate and subject to the
20 limitations of [section 15E.43](#).

21 Sec. 95. Section 15E.52, subsection 2, paragraph a, Code
22 2018, is amended to read as follows:

23 a. A tax credit shall be allowed against the taxes imposed
24 in [chapter 422, divisions II, III, and V](#), and in [chapter 432](#),
25 ~~and against the moneys and credits tax imposed in [section](#)~~
26 ~~[533.329](#)~~, for a portion of a taxpayer's equity investment in the
27 form of cash in an innovation fund.

28 Sec. 96. Section 15E.52, subsection 13, Code 2018, is
29 amended to read as follows:

30 13. The transferee may use the amount of the tax credit
31 transferred against the taxes imposed in chapter 422, divisions
32 II, III, and V, and in [chapter 432](#), and ~~against the moneys and~~
33 ~~credits tax imposed in [section 533.329](#)~~, for any tax year the
34 original transferor could have claimed the tax credit. Any
35 consideration received for the transfer of the tax credit shall

1 not be included as income under chapter 422, divisions II, III,
2 and V. Any consideration paid for the transfer of the tax
3 credit shall not be deducted from income under chapter 422,
4 divisions II, III, and V.

5 Sec. 97. Section 15E.62, subsection 8, Code 2018, is amended
6 to read as follows:

7 8. "Tax credit" means a contingent tax credit issued
8 pursuant to [section 15E.66](#) that is available against tax
9 liabilities imposed by chapter 422, divisions II, III, and
10 V, and by [chapter 432](#) and ~~against the moneys and credits tax~~
11 ~~imposed by [section 533.329](#).~~

12 Sec. 98. Section 15E.305, subsection 1, Code 2018, is
13 amended to read as follows:

14 1. For tax years beginning on or after January 1, 2003,
15 a tax credit shall be allowed against the taxes imposed in
16 chapter 422, divisions II, III, and V, and in [chapter 432](#), and
17 ~~against the moneys and credits tax imposed in [section 533.329](#)~~
18 equal to twenty-five percent of a taxpayer's endowment gift to
19 an endow Iowa qualified community foundation. An individual
20 may claim a tax credit under [this section](#) of a partnership,
21 limited liability company, S corporation, estate, or trust
22 electing to have income taxed directly to the individual. The
23 amount claimed by the individual shall be based upon the pro
24 rata share of the individual's earnings from the partnership,
25 limited liability company, S corporation, estate, or trust. A
26 tax credit shall be allowed only for an endowment gift made to
27 an endow Iowa qualified community foundation for a permanent
28 endowment fund established to benefit a charitable cause in
29 this state. The amount of the endowment gift for which the
30 tax credit is claimed shall not be deductible in determining
31 taxable income for state income tax purposes. Any tax credit
32 in excess of the taxpayer's tax liability for the tax year may
33 be credited to the tax liability for the following five years
34 or until depleted, whichever occurs first. A tax credit shall
35 not be carried back to a tax year prior to the tax year in which

1 the taxpayer claims the tax credit.

2 Sec. 99. Section 331.427, subsection 1, unnumbered
3 paragraph 1, Code 2018, is amended to read as follows:

4 Except as otherwise provided by state law, county revenues
5 from taxes and other sources for general county services shall
6 be credited to the general fund of the county, including
7 revenues received under sections 9I.11, 101A.3, 101A.7, 123.36,
8 123.143, 142D.9, 176A.8, 321.105, 321.152, 321G.7, 321I.8,
9 section 331.554, subsection 6, sections 341A.20, 364.3, 368.21,
10 423A.7, 428A.8, 433.15, 434.19, 445.57, 453A.35, 458A.21,
11 483A.12, ~~533.329~~, 556B.1, 583.6, 602.8108, 904.908, and 906.17,
12 and the following:

13 Sec. 100. Section 422.60, subsection 2, paragraph a, Code
14 2018, is amended to read as follows:

15 a. In addition to all taxes imposed under this division,
16 there is imposed upon each financial institution doing business
17 within the state and that is not exempt from the federal income
18 tax, the greater of the tax determined in section 422.63 or
19 the state alternative minimum tax equal to sixty percent of
20 the maximum state franchise tax rate, rounded to the nearest
21 one-tenth of one percent, of the state alternative minimum
22 taxable income of the taxpayer computed under this subsection.

23 Sec. 101. Section 422.60, subsection 3, paragraph a,
24 subparagraph (1), Code 2018, is amended to read as follows:

25 (1) There For a financial institution that is not exempt
26 from the federal income tax, there is allowed as a credit
27 against the tax determined in section 422.63 for a tax year an
28 amount equal to the minimum tax credit for that tax year.

29 Sec. 102. Section 422.61, subsections 1, 3, and 4, Code
30 2018, are amended to read as follows:

31 1. "*Financial institution*" means a state bank as defined in
32 section 524.103, subsection 41, a state bank chartered under
33 the laws of any other state, a national banking association,
34 a trust company, a federally chartered savings and loan
35 association, an out-of-state state chartered savings bank, a

1 credit union as defined in section 533.102 that is incorporated
2 or organized under chapter 533 or under the laws of another
3 state, a financial institution chartered by the federal
4 home loan bank board, a non-Iowa chartered savings and loan
5 association, or a production credit association.

6 3. a. "Net income" means one of the following:

7 (1) For a financial institution that is exempt from the
8 federal income tax, the total revenue less total expenses as
9 properly reported on the financial institution's internal
10 revenue service form 990 covering the same period, with the
11 adjustments in paragraph "b" to the extent the taxes, income,
12 and deductions described in such adjustments are applicable
13 to the financial institution's calculation of revenues and
14 expenses as determined by the director by rule.

15 (2) For any other financial institution, the net income of
16 the financial institution computed in accordance with section
17 422.35, with the following adjustments: in paragraph "b".

18 b. Applicable adjustments in computing "net income":

19 ~~a.~~ (1) Federal income taxes paid or accrued shall not be
20 subtracted.

21 ~~b.~~ (2) Notwithstanding section 422.35, subsection 2, or
22 any other provisions of law, income from obligations of the
23 state and its political subdivisions and franchise taxes paid
24 or accrued under this division during the taxable year shall
25 be added. Income from sales of obligations of the state and
26 its political subdivisions and interest and dividend income
27 from these obligations are exempt from the taxes imposed by
28 this division only if the law authorizing the obligations
29 specifically exempts the income from the sale and interest and
30 dividend income from the state franchise tax.

31 ~~c.~~ (3) Interest and dividends from federal securities shall
32 not be subtracted.

33 ~~d.~~ (4) Interest and dividends derived from obligations of
34 United States possessions, agencies, and instrumentalities,
35 including bonds which were purchased after January 1, 1991, and

1 issued by the governments of Puerto Rico, Guam, and the Virgin
2 Islands shall be added, to the extent they were not included in
3 computing federal taxable income.

4 ~~e~~ (5) A deduction disallowed under section 265(b) or
5 section 291(e)(1)(B) of the Internal Revenue Code shall be
6 subtracted.

7 ~~f~~ (6) A deduction shall not be allowed for that portion of
8 the taxpayer's expenses computed under this paragraph which is
9 allocable to an investment in an investment subsidiary. The
10 portion of the taxpayer's expenses which is allocable to an
11 investment in an investment subsidiary is an amount which bears
12 the same ratio to the taxpayer's expenses as the taxpayer's
13 average adjusted basis, as computed pursuant to section 1016
14 of the Internal Revenue Code, of investment in that investment
15 subsidiary bears to the average adjusted basis for all assets
16 of the taxpayer. The portion of the taxpayer's expenses that
17 is computed and disallowed under this paragraph shall be added.

18 ~~g~~ (7) Where a financial institution as defined in section
19 581 of the Internal Revenue Code is not subject to income tax
20 and the shareholders of the financial institution are taxed on
21 the financial institution's income under the provisions of the
22 Internal Revenue Code, such tax treatment shall be disregarded
23 and the financial institution shall compute its net income for
24 franchise tax purposes in the same manner under [this subsection](#)
25 as a financial institution that is subject to or liable for
26 federal income tax under the Internal Revenue Code in effect
27 for the applicable year.

28 4. "*Taxable year*" means the calendar year or the fiscal year
29 ending during a calendar year, for which the tax is payable.
30 "*Fiscal year*" includes a tax period of less than twelve months
31 if, under the Internal Revenue Code, a corporation is required
32 to file a tax return or internal revenue service form 990
33 covering a tax period of less than twelve months.

34 Sec. 103. Section 422.62, Code 2018, is amended to read as
35 follows:

1 **422.62 Due and delinquent dates.**

2 The franchise tax is due and payable on the first day
3 following the end of the taxable year of each financial
4 institution, and for a financial institution that is exempt
5 from the federal income tax, the franchise tax is delinquent
6 after the last day of the fifth month following the due date.
7 For all other financial institutions, the franchise tax is
8 delinquent after the last day of the fourth month following the
9 due date or forty-five days after the due date of the federal
10 tax return, excluding extensions of time to file, whichever is
11 the later. Every financial institution shall file a return as
12 prescribed by the director on or before the delinquency date.

13 Sec. 104. Section 422.63, Code 2018, is amended to read as
14 follows:

15 **422.63 Amount of tax.**

16 1. The franchise tax is imposed annually in an amount ~~equal~~
17 ~~to five percent of~~ computed by applying the following rates
18 of taxation to the net income received or accrued during the
19 taxable year:

20 a. On net income from zero to seven million five hundred
21 thousand dollars, two percent.

22 b. On net income exceeding seven million five hundred
23 thousand dollars, four percent.

24 2. If the net income of the financial institution is derived
25 from its business carried on entirely within the state, the tax
26 in subsection 1 shall be imposed on the entire net income, but
27 if the business is carried on partly within and partly without
28 the state, the tax in subsection 1 shall be imposed on the
29 portion of net income reasonably attributable to the business
30 within the state, which net income shall be specifically
31 allocated or equitably apportioned within and without the state
32 under rules of the director.

33 Sec. 105. REPEAL. Section 533.329, Code 2018, is repealed.

34 Sec. 106. PRESERVATION OF EXISTING RIGHTS. This division
35 of this Act is not intended and shall not limit, modify,

1 or otherwise adversely affect any tax credit or tax credit
2 certificate issued, awarded, or allowed before January 1, 2019,
3 nor shall it limit, modify, or otherwise adversely affect
4 a taxpayer's right to claim or redeem a tax credit issued,
5 awarded, or allowed before January 1, 2019, including but not
6 limited to any tax credit carryforward amount. Any amount of
7 tax credit that would have been eligible to be claimed by a
8 taxpayer on or after January 1, 2019, against the moneys and
9 credits tax imposed in section 533.329, Code 2018, shall be
10 allowed in the same manner and to the same extent as a credit
11 against the franchise tax imposed in chapter 422, division V.

12 Sec. 107. EFFECTIVE DATE. This division of this Act takes
13 effect January 1, 2019.

14 Sec. 108. APPLICABILITY. This division of this Act applies
15 to tax years beginning on or after January 1, 2019.

16 DIVISION V

17 CHANGES TO IOWA EDUCATIONAL SAVINGS PLAN TRUST AND IOWA ABLE
18 SAVINGS PLAN TRUST

19 Sec. 109. Section 12D.1, Code 2018, is amended to read as
20 follows:

21 **12D.1 Purpose and definitions.**

22 1. The general assembly finds that the general welfare and
23 well-being of the state are directly related to educational
24 levels and skills of the citizens of the state, and that a
25 vital and valid public purpose is served by the creation and
26 implementation of programs which encourage and make possible
27 the attainment of higher formal education by the greatest
28 number of citizens of the state. ~~The state has limited~~
29 ~~resources to provide additional programs for higher education~~
30 ~~funding and the continued operation and maintenance of the~~
31 ~~state's public institutions of higher education and the general~~
32 welfare of the citizens of the state will be enhanced by
33 establishing a program which allows citizens of the state to
34 invest money in a public trust for future application to the
35 payment of higher education costs qualified education expenses.

1 The creation of the means of encouragement for citizens to
2 invest in such a program represents the carrying out of a
3 vital and valid public purpose. In order to make available
4 to the citizens of the state an opportunity to fund future
5 ~~higher~~ formal education needs, it is necessary that a public
6 trust be established in which moneys may be invested for future
7 educational use.

8 2. As used in [this chapter](#), unless the context otherwise
9 requires:

10 *a.* "Account balance limit" means the maximum allowable
11 aggregate balance of accounts established for the same
12 beneficiary. Account earnings, if any, are included in the
13 account balance limit.

14 *b.* "Administrative fund" means the administrative fund
15 established under [section 12D.4](#).

16 *c.* "Beneficiary" means the individual designated by a
17 participation agreement to benefit from advance payments of
18 ~~higher education costs~~ qualified education expenses on behalf
19 of the beneficiary.

20 *d.* "Benefits" means the payment of ~~higher education costs~~
21 qualified education expenses on behalf of a beneficiary by the
22 trust during the beneficiary's attendance at ~~an institution of~~
23 ~~higher education~~ a qualified educational institution.

24 ~~*e.* "Higher education costs" means the same as "qualified~~
25 ~~higher education expenses" as defined in section 529(e)(3) of~~
26 ~~the Internal Revenue Code.~~

27 ~~*f.*~~ *e.* "Institution of higher education" means an institution
28 described in section 481 of the federal Higher Education Act of
29 1965, 20 U.S.C. §1088, which is eligible to participate in the
30 United States department of education's student aid programs.

31 ~~*g.*~~ *f.* "Internal Revenue Code" means the same as defined
32 [insection 12I.1](#).

33 ~~*h.*~~ *g.* "Iowa educational savings plan trust" or "trust" means
34 the trust created under [section 12D.2](#).

35 ~~*i.*~~ *h.* "Participant" means an individual, individual's legal

1 representative, trust, estate, or an organization described
2 in section 501(c)(3) of the Internal Revenue Code and exempt
3 from taxation under section 501(a) of the Internal Revenue
4 Code, that has entered into a participation agreement under
5 this chapter for the advance payment of ~~higher education costs~~
6 qualified education expenses on behalf of a beneficiary.

7 ~~j.~~ i. "Participation agreement" means an agreement between
8 a participant and the trust entered into under this chapter.

9 ~~k.~~ j. "Program fund" means the program fund established
10 under section 12D.4.

11 k. "Qualified education expenses" means the same as
12 "qualified higher education expenses" as defined in section
13 529(e)(3) of the Internal Revenue Code, as amended by Pub. L.
14 No. 115-97, and shall include elementary and secondary school
15 expenses for tuition described in section 529(c)(7) of the
16 Internal Revenue Code, subject to the limitations imposed by
17 section 529(e)(3)(A) of the Internal Revenue Code.

18 l. "Qualified educational institution" means an institution
19 of higher education, or any elementary or secondary public,
20 private, or religious school described in section 529(c)(7) of
21 the Internal Revenue Code.

22 ~~i.~~ m. "~~Tuition and fees~~" "Tuition" means the quarter, or
23 semester, or annual charges imposed to attend an institution
24 ~~of higher education~~ a qualified educational institution and
25 required as a condition of enrollment or attendance.

26 Sec. 110. Section 12D.2, subsections 2, 5, 9, and 14, Code
27 2018, are amended to read as follows:

28 2. Enter into agreements with any ~~institution of higher~~
29 ~~education~~ qualified educational institution, the state, or any
30 federal or other state agency, or other entity as required to
31 implement this chapter.

32 5. Carry out studies and projections so the treasurer of
33 state may advise participants regarding present and estimated
34 future ~~higher education costs~~ qualified education expenses
35 and levels of financial participation in the trust required

1 in order to enable participants to achieve their educational
2 funding objectives.

3 9. ~~Make payments to institutions of higher education~~
4 qualified educational institutions, participants, or
5 beneficiaries, pursuant to participation agreements on behalf
6 of beneficiaries.

7 14. Establish, impose, and collect administrative fees
8 and charges in connection with transactions of the trust, and
9 provide for reasonable service charges, ~~including penalties for~~
10 ~~cancellations and late payments with respect to participation~~
11 ~~agreements.~~

12 Sec. 111. Section 12D.3, subsections 1 and 2, Code 2018, are
13 amended to read as follows:

14 1. ~~a.~~ Each participation agreement may require a
15 participant to agree to invest a specific amount of money in
16 the trust for a specific period of time for the benefit of a
17 specific beneficiary. A participant shall not be required to
18 make an annual contribution on behalf of a beneficiary. The
19 maximum contribution that may be deducted for Iowa income tax
20 purposes shall not exceed two thousand dollars per beneficiary
21 per year adjusted annually to reflect increases in the consumer
22 price index. The treasurer of state shall set an account
23 balance limit to maintain compliance with section 529 of the
24 Internal Revenue Code. A contribution shall not be permitted
25 to the extent it causes the aggregate balance of all accounts
26 established for the same beneficiary under the trust to exceed
27 the applicable account balance limit.

28 ~~b.~~ ~~Participation agreements may be amended to provide for~~
29 ~~adjusted levels of payments based upon changed circumstances or~~
30 ~~changes in educational plans.~~

31 2. The execution of a participation agreement by the trust
32 shall not guarantee in any way that ~~higher education costs~~
33 qualified education expenses will be equal to projections
34 and estimates provided by the trust or that the beneficiary
35 named in any participation agreement will attain any of the

1 following:

2 *a.* Be admitted to ~~an institution of higher education~~ a
3 qualified educational institution.

4 *b.* If admitted, be determined a resident for tuition
5 purposes by the ~~institution of higher education~~ qualified
6 educational institution.

7 *c.* Be allowed to continue attendance at the ~~institution of~~
8 ~~higher education~~ qualified educational institution following
9 admission.

10 *d.* Graduate from the ~~institution of higher education~~
11 qualified educational institution.

12 Sec. 112. Section 12D.3, Code 2018, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 5. A participant may designate a successor
15 in accordance with rules adopted by the treasurer of state.
16 The designated successor shall succeed to the ownership of the
17 account in the event of the death of the participant. In the
18 event a participant dies and has not designated a successor to
19 the account, the following criteria shall apply:

20 *a.* The beneficiary of the account, if eighteen years of
21 age or older, shall become the owner of the account as well as
22 remain the beneficiary upon filing the appropriate forms in
23 accordance with rules adopted by the treasurer of state.

24 *b.* If the beneficiary of the account is under the age of
25 eighteen, account ownership shall be transferred to the first
26 surviving parent or other legal guardian of the beneficiary to
27 file the appropriate forms in accordance with rules adopted by
28 the treasurer of state.

29 Sec. 113. Section 12D.4, Code 2018, is amended to read as
30 follows:

31 **12D.4 Program and administrative funds — investment and**
32 **payments.**

33 1. *a.* The treasurer of state shall segregate moneys
34 received by the trust into two funds: the program fund and the
35 administrative fund.

1 *b.* All moneys paid by participants in connection with
2 participation agreements shall be deposited as received into
3 separate accounts within the program fund.

4 *c.* Contributions to the trust made by participants may only
5 be made in the form of cash.

6 *d.* A participant or beneficiary ~~shall not provide investment~~
7 ~~direction regarding program contributions or earnings held by~~
8 ~~the trust~~ may, directly or indirectly, direct the investment of
9 any contributions to the trust or any earnings thereon no more
10 than two times in a calendar year.

11 *e.* The amount of cash distributions from the trust and all
12 other qualified state tuition programs under section 529 of
13 the Internal Revenue Code to a beneficiary during any taxable
14 year shall, in the aggregate, include no more than ten thousand
15 dollars in expenses for tuition in connection with enrollment
16 at an elementary or secondary public, private, or religious
17 school incurred during the taxable year.

18 2. Moneys accrued by participants in the program fund of
19 the trust may be used for payments to any ~~institution of higher~~
20 ~~education~~ qualified educational institution. Payments can be
21 made to the qualified educational institution, the participant,
22 or the beneficiary.

23 Sec. 114. Section 12D.6, subsection 1, paragraph a, Code
24 2018, is amended to read as follows:

25 *a.* A participant retains ownership of all payments made
26 under a participation agreement up to the date of utilization
27 for payment of ~~higher education costs~~ qualified education
28 expenses for the beneficiary.

29 Sec. 115. Section 12D.6, subsections 2, 3, and 5, Code 2018,
30 are amended to read as follows:

31 2. In the event the program is terminated prior to payment
32 of ~~higher education costs~~ qualified education expenses for the
33 beneficiary, the participant is entitled to a refund of the
34 participant's account balance.

35 3. The ~~institution of higher education~~ qualified

1 educational institution shall obtain ownership of the payments
2 made for the ~~higher education costs~~ qualified education
3 expenses paid to the institution at the time each payment is
4 made to the institution.

5 5. A participant may transfer ownership rights to another
6 ~~eligible individual, including a gift of the ownership rights~~
7 ~~to a minor beneficiary participant,~~ or may transfer funds to
8 another plan under the trust or to an ABLE account as permitted
9 under section 529(c)(3)(C) of the Internal Revenue Code.

10 The transfer shall be made and the property distributed in
11 accordance with rules adopted by the treasurer of state or with
12 the terms of the participation agreement.

13 Sec. 116. Section 12D.7, Code 2018, is amended to read as
14 follows:

15 **12D.7 Effect of payments on determination of need and**
16 **eligibility for student financial aid.**

17 A student loan program, student grant program, or other
18 program administered by any agency of the state, except as
19 may be otherwise provided by federal law or the provisions
20 of any specific grant applicable to that law, shall not take
21 into account and shall not consider amounts available for
22 the payment of ~~higher education costs~~ qualified education
23 expenses pursuant to the Iowa educational savings plan trust in
24 determining need and eligibility for student aid.

25 Sec. 117. Section 12D.9, subsection 1, paragraph a, Code
26 2018, is amended to read as follows:

27 a. Pursuant to [section 12D.3, subsection 1](#), paragraph "a",
28 a participant may make contributions to an account which is
29 established for the purpose of meeting the qualified ~~higher~~
30 education expenses of the designated beneficiary of the
31 account.

32 Sec. 118. Section 422.7, subsection 32, paragraph c, Code
33 2018, is amended by striking the paragraph and inserting in
34 lieu thereof the following:

35 c. (1) Add, to the extent previously deducted as a

1 contribution to the trust, the amount resulting from a
2 withdrawal or transfer made by the taxpayer from the Iowa
3 educational savings plan trust for purposes other than any of
4 the following:

5 (a) The payment of qualified higher education expenses.

6 (b) The payment of tuition to an elementary or secondary
7 school if the tuition amounts are qualified education expenses.

8 (c) A change in beneficiaries under, or transfer to another
9 account within, the Iowa educational savings plan trust, or a
10 transfer to the Iowa ABLE savings plan trust, provided such
11 change or transfer is permitted under section 12D.6, subsection
12 5.

13 (2) For purposes of this paragraph:

14 (a) "*Elementary or secondary school*" means an elementary
15 or secondary school in this state which is accredited under
16 section 256.11, and adheres to the provisions of the federal
17 Civil Rights Act of 1964 and chapter 216.

18 (b) "*Institution of higher education*", "*qualified education*
19 *expenses*", and "*tuition*" all mean the same as defined in section
20 12D.1, subsection 2.

21 (c) (i) "*Qualified higher education expenses*" means the same
22 as defined in section 529(e)(3) of the Internal Revenue Code.

23 (ii) For purposes of this subparagraph division (c),
24 "*Internal Revenue Code*" means the Internal Revenue Code of
25 1954, prior to the date of its redesignation as the Internal
26 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
27 the Internal Revenue Code of 1986 as amended and in effect on
28 January 1, 2018. This definition shall not be construed to
29 include any amendment to the Internal Revenue Code enacted
30 after the date specified in the preceding sentence, including
31 any amendment with retroactive applicability or effectiveness.

32 Sec. 119. Section 422.7, subsection 34, Code 2018, is
33 amended to read as follows:

34 34. a. (1) Subtract the amount contributed during the tax
35 year on behalf of a designated beneficiary that is a resident

1 of this state to the Iowa ABLE savings plan trust or to the
2 qualified ABLE program with which the state has contracted
3 pursuant to [section 12I.10](#), not to exceed the maximum
4 contribution level established in [section 12I.3, subsection 1](#),
5 paragraph "d", or [section 12I.10, subsection 2](#), paragraph "a",
6 as applicable.

7 (2) This paragraph "a" shall not apply to any amount
8 of contribution that represents a transfer from the Iowa
9 educational savings plan trust created in chapter 12D that
10 meets the requirements of subsection 32, paragraph "c",
11 subparagraph (1), subparagraph division (c), and that was
12 previously deducted as a contribution to the Iowa educational
13 savings plan trust.

14 *b.* Add the amount resulting from the cancellation of a
15 participation agreement refunded to the taxpayer as an account
16 owner in the Iowa ABLE savings plan trust or the qualified
17 ABLE program with which the state has contracted pursuant to
18 section 12I.10 to the extent previously deducted pursuant
19 to [this subsection](#) by the taxpayer or any other person as a
20 contribution to the trust or qualified ABLE program, or to the
21 extent the amount was previously deducted by the taxpayer or
22 any other person pursuant to subsection 32, paragraph "a", and
23 qualified as a transfer under paragraph "a", subparagraph (2),
24 of this subsection.

25 *c.* Add the amount resulting from a withdrawal made by a
26 taxpayer from the Iowa ABLE savings plan trust or the qualified
27 ABLE program with which the state has contracted pursuant to
28 section 12I.10 for purposes other than the payment of qualified
29 disability expenses to the extent previously deducted pursuant
30 to [this subsection](#) by the taxpayer or any other person as a
31 contribution to the trust or qualified ABLE program, or to the
32 extent the amount was previously deducted by the taxpayer or
33 any other person pursuant to subsection 32, paragraph "a", and
34 qualified as a transfer under paragraph "a", subparagraph (2),
35 of this subsection.

1 Sec. 120. Section 627.6, Code 2018, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 17. The debtor's interest, whether as
4 participant or beneficiary, in contributions and assets,
5 including the accumulated earnings and market increases in
6 value, held in an account in the Iowa educational savings plan
7 trust organized under chapter 12D.

8 Sec. 121. EFFECTIVE DATE. This division of this Act, being
9 deemed of immediate importance, takes effect upon enactment.

10 Sec. 122. RETROACTIVE APPLICABILITY.

11 1. Except as provided in subsection 2, this division of this
12 Act applies retroactively to January 1, 2018, for withdrawals
13 from the Iowa educational savings plan trust made on or after
14 that date.

15 2. The sections of this division of this Act amending
16 section 422.7 apply retroactively to January 1, 2018, for tax
17 years beginning on or after that date, and for withdrawals from
18 the Iowa educational savings plan trust made on or after that
19 date.

20 DIVISION VI

21 SALES AND USE TAXES

22 Sec. 123. Section 15J.4, subsection 3, paragraph f, Code
23 2018, is amended to read as follows:

24 *f.* The total aggregate amount of state sales tax revenues
25 and state hotel and motel tax revenues that may be approved by
26 the board for remittance to all municipalities and that may
27 be transferred to the state reinvestment district fund under
28 ~~section 423.2, subsection 11,~~ 423.2A or section 423A.6, and
29 remitted to all municipalities having a reinvestment district
30 under this chapter shall not exceed one hundred million
31 dollars.

32 Sec. 124. Section 15J.5, subsection 1, paragraph a, Code
33 2018, is amended to read as follows:

34 *a.* The department shall calculate quarterly the amount of
35 new state sales tax revenues for each district established in

1 the state to be deposited in the state reinvestment district
2 fund created in [section 15J.6](#), pursuant to ~~section 423.2,~~
3 ~~subsection 11, paragraph "b"~~ [423.2A, subsection 2](#), subject to
4 remittance limitations established by the board pursuant to
5 section 15J.4, subsection 3.

6 Sec. 125. Section 15J.6, subsection 1, Code 2018, is amended
7 to read as follows:

8 1. A state reinvestment district fund is established in the
9 state treasury under the control of the department consisting
10 of the new state sales tax revenues collected within each
11 district and deposited in the fund pursuant to ~~section 423.2,~~
12 ~~subsection 11, paragraph "b"~~ [423.2A, subsection 2](#), and the
13 new state hotel and motel tax revenues collected within each
14 district and deposited in the fund pursuant to [section 423A.6](#).
15 Moneys deposited in the fund are appropriated to the department
16 for the purposes of [this section](#). Moneys in the fund shall
17 only be used for the purposes of [this section](#).

18 Sec. 126. Section 418.11, subsection 1, Code 2018, is
19 amended to read as follows:

20 1. The department of revenue shall calculate quarterly the
21 amount of increased sales tax revenues for each governmental
22 entity approved to use sales tax increment revenues and the
23 amount of such revenues to be transferred to the sales tax
24 increment fund pursuant to ~~section 423.2, subsection 11,~~
25 ~~paragraph "b"~~ [423.2A, subsection 2](#).

26 Sec. 127. Section 418.12, subsection 1, Code 2018, is
27 amended to read as follows:

28 1. A sales tax increment fund is established as a separate
29 and distinct fund in the state treasury under the control of
30 the department of revenue consisting of the amount of the
31 increased state sales and services tax revenues collected by
32 the department of revenue within each applicable area specified
33 in [section 418.11, subsection 3](#), and deposited in the fund
34 pursuant to ~~section 423.2, subsection 11, paragraph "b"~~ [423.2A,](#)
35 [subsection 2](#). Moneys deposited in the fund are appropriated

1 to the department of revenue for the purposes of [this section](#).
2 Moneys in the fund shall only be used for the purposes of this
3 section.

4 Sec. 128. Section 421.26, Code 2018, is amended to read as
5 follows:

6 **421.26 Personal liability for tax due.**

7 If a licensee or other person under [section 452A.65](#), a
8 retailer or purchaser under [chapter 423A](#), [423B](#), or [423E](#), or
9 ~~[section sections 423.14, 423.14A, 423.29, 423.31, 423.32, or](#)~~
10 ~~423.33, or a retailer or purchaser under [section 423.32](#), or~~
11 a user under [section 423.34](#), or a permit holder or licensee
12 under [section 453A.13](#), [453A.16](#), or [453A.44](#) fails to pay a tax
13 under those sections when due, an officer of a corporation
14 or association, notwithstanding [section 489.304](#), a member or
15 manager of a limited liability company, or a partner of a
16 partnership, having control or supervision of or the authority
17 for remitting the tax payments and having a substantial legal
18 or equitable interest in the ownership of the corporation,
19 association, limited liability company, or partnership, who has
20 intentionally failed to pay the tax is personally liable for
21 the payment of the tax, interest, and penalty due and unpaid.
22 However, [this section](#) shall not apply to taxes on accounts
23 receivable. The dissolution of a corporation, association,
24 limited liability company, or partnership shall not discharge a
25 person's liability for failure to remit the tax due.

26 Sec. 129. Section 423.1, subsection 5, Code 2018, is amended
27 to read as follows:

28 5. "*Agricultural production*" ~~includes~~ means the commercial
29 production of livestock, milk, honey, eggs, or plants,
30 including but not limited to flowering, ornamental, or
31 vegetable plants in commercial greenhouses or otherwise,
32 ~~and~~ commercial production from aquaculture, and commercial
33 production from silvicultural activities. "*Agricultural*
34 *products*" includes flowering, ornamental, or vegetable plants
35 and those products of aquaculture and silviculture.

1 Sec. 130. Section 423.1, subsection 24, paragraph a, Code
2 2018, is amended to read as follows:

3 a. "*Lease or rental*" means any transfer of possession or
4 control of, or access to, tangible personal property for a
5 fixed or indeterminate term for consideration. A "*lease or*
6 *rental*" may include future options to purchase or extend.

7 Sec. 131. Section 423.1, subsection 37, Code 2018, is
8 amended to read as follows:

9 37. "*Place of business*" means any warehouse, store,
10 place, office, building, or structure where ~~goods, wares, or~~
11 merchandise tangible personal property or services are offered
12 for sale at retail or where any taxable amusement is conducted,
13 or each office where gas, water, heat, communication, or
14 electric services are offered for sale at retail. When a
15 retailer or amusement operator sells merchandise by means of
16 vending machines or operates music or amusement devices by
17 coin-operated machines at more than one location within the
18 state, the office, building, or place where the books, papers,
19 and records of the taxpayer are kept shall be deemed to be the
20 taxpayer's place of business.

21 Sec. 132. Section 423.1, subsection 47, Code 2018, is
22 amended to read as follows:

23 47. "*Retailer*" means and includes every person engaged in
24 the business of selling tangible personal property or taxable
25 services at retail, or the furnishing of gas, electricity,
26 water, or communication service, and tickets or admissions to
27 places of amusement and athletic events or operating amusement
28 devices or other forms of commercial amusement from which
29 revenues are derived. However, when in the opinion of the
30 director it is necessary for the efficient administration of
31 this chapter to regard any salespersons, representatives,
32 truckers, peddlers, or canvassers as agents of the dealers,
33 distributors, supervisors, employers, or persons under whom
34 they operate or from whom they obtain tangible personal
35 property or services sold by them irrespective of whether or

1 not they are making sales on their own behalf or on behalf of
2 such dealers, distributors, supervisors, employers, or persons,
3 the director may so regard them, and may regard such dealers,
4 distributors, supervisors, employers, or persons as retailers
5 for the purposes of this chapter. "Retailer" includes a seller
6 obligated to collect sales or use tax, including any person
7 obligated to collect sales and use tax pursuant to section
8 423.14A.

9 Sec. 133. Section 423.1, subsection 48, paragraph a, Code
10 2018, is amended to read as follows:

11 a. "Retailer maintaining a place of business in this state"
12 or any like term includes any of the following:

13 (1) A retailer having or maintaining within this state,
14 directly or by a subsidiary, an office, distribution house,
15 sales house, warehouse, or other place of business, or any
16 representative operating within this state under the authority
17 of the retailer or its subsidiary, irrespective of whether that
18 place of business or representative is located here permanently
19 or temporarily, or whether the retailer or subsidiary is
20 admitted to do business within this state pursuant to chapter
21 490.

22 (2) A person obligated to collect sales and use tax pursuant
23 to section 423.14A.

24 Sec. 134. Section 423.1, subsection 48, paragraph b,
25 subparagraph (1), unnumbered paragraph 1, Code 2018, is amended
26 to read as follows:

27 A retailer shall be presumed to be maintaining a place of
28 business in this state, ~~as defined in~~ for purposes of paragraph
29 "a", subparagraph (1), if any person that has substantial nexus
30 in this state, other than a person acting in its capacity as a
31 common carrier, does any of the following:

32 Sec. 135. Section 423.1, subsection 48, paragraph b,
33 subparagraph (1), subparagraph division (b), Code 2018, is
34 amended to read as follows:

35 (b) Maintains an office, distribution facility, warehouse,

1 storage place, or similar place of business in this state to
2 facilitate the delivery of personal property or services sold
3 by the retailer to the retailer's customers.

4 Sec. 136. Section 423.1, subsection 50, Code 2018, is
5 amended to read as follows:

6 50. "*Sales*" or "*sale*" means any transfer, exchange, or
7 barter, conditional or otherwise, in any manner or by any means
8 whatsoever, for consideration, including but not limited to any
9 such transfer, exchange, or barter on a subscription basis.

10 Sec. 137. Section 423.1, Code 2018, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 55A. "*Sold at retail in the state*" and
13 other references to sales "in the state" or "in this state"
14 includes but is not limited to sales sourced to this state
15 under this chapter.

16 Sec. 138. Section 423.1, Code 2018, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 57A. "*Subscription*" means any arrangement
19 in which a person has the right or ability to access, receive,
20 use, obtain, purchase, or otherwise acquire tangible personal
21 property or services on a permanent or less than permanent
22 basis, regardless of whether the person actually accesses,
23 receives, uses, obtains, purchases, or otherwise acquires such
24 tangible personal property or service.

25 Sec. 139. Section 423.1, subsections 62, 63, and 64, Code
26 2018, are amended to read as follows:

27 62. "*Use*" means and includes the exercise by any person of
28 any right or power over or access to tangible personal property
29 incident to the ownership of that property, or any right or
30 power over or access to the product or result of a service.

31 A retailer's or building contractor's sale of manufactured
32 housing for use in this state, whether in the form of tangible
33 personal property or of realty, is a use of that property for
34 the purposes of [this chapter](#).

35 63. "*Use tax*" means the tax levied under [subchapter III](#) of

1 this chapter ~~for which the retailer collects and remits tax to~~
2 ~~the department.~~

3 64. "User" means the immediate recipient of the personal
4 property or services who is entitled to exercise a right ~~of~~ or
5 power over or access to the personal property, or the product
6 or result of such services.

7 Sec. 140. Section 423.2, subsection 1, paragraph a,
8 subparagraph (1), Code 2018, is amended to read as follows:

9 (1) Sales of engraving, ~~photography, retouching,~~ printing,
10 and binding services.

11 Sec. 141. Section 423.2, subsection 6, Code 2018, is amended
12 to read as follows:

13 6. ~~a.~~ The sales price of any of the following enumerated
14 services is subject to the tax imposed by subsection 5:

15 a. alteration ~~Alteration~~ and garment repair; ~~armored.~~

16 b. Armored car; ~~vehiele.~~

17 c. Vehicle repair; ~~battery.~~

18 d. Battery, tire, and allied; ~~investment.~~

19 e. Investment counseling; ~~service.~~

20 f. Service charges of all financial institutions; ~~barber.~~

21 For the purposes of this paragraph, "financial institutions"

22 means all national banks, federally chartered savings and loan

23 associations, federally chartered savings banks, federally

24 chartered credit unions, banks organized under chapter 524,

25 credit unions organized under chapter 533, and all banks,

26 savings banks, credit unions, and savings and loan associations

27 chartered or otherwise created under the laws of any state and

28 doing business in Iowa.

29 g. Barber and beauty; ~~boat.~~

30 h. Boat repair; ~~vehiele.~~

31 i. Vehicle wash and wax; ~~campgrounds, carpentry, roof.~~

32 j. Campgrounds.

33 k. Carpentry.

34 l. Roof, shingle, and glass repair; ~~dance.~~

35 m. Dance schools and dance studios; ~~dating.~~

- 1 n. Dating services; ~~dry.~~
- 2 o. Dry cleaning, pressing, dyeing, and laundering excluding
- 3 the use of self-pay washers and dryers; ~~electrical.~~
- 4 p. Electrical and electronic repair and installation;
- 5 excavating.
- 6 q. Excavating and grading; ~~farm.~~
- 7 r. Farm implement repair of all kinds; ~~flying.~~
- 8 s. Flying service; ~~furniture.~~
- 9 t. Furniture, rug, carpet, and upholstery repair and
- 10 cleaning; ~~fur.~~
- 11 u. Fur storage and repair; ~~golf.~~
- 12 v. Golf and country clubs and all commercial recreation;
- 13 gun.
- 14 w. Gun and camera repair; ~~house.~~
- 15 x. House and building moving; ~~household.~~
- 16 y. Household appliance, television, and radio repair;
- 17 janitorial.
- 18 z. Janitorial and building maintenance or cleaning; ~~jewelry.~~
- 19 aa. Jewelry and watch repair; ~~lawn.~~
- 20 ab. Lawn care, landscaping, and tree trimming and removal;
- 21 ac. Personal transportation service, including but not
- 22 limited to taxis, driver service, ride sharing service, rides
- 23 for hire, and limousine service; ~~including driver; machine.~~
- 24 ad. Machine operator; ~~machine.~~
- 25 ae. Machine repair of all kinds; ~~motor.~~
- 26 af. Motor repair; ~~motoreycle.~~
- 27 ag. Motorcycle, scooter, and bicycle repair; ~~oilers.~~
- 28 ah. Oilers and lubricators; ~~office.~~
- 29 ai. Office and business machine repair; ~~painting.~~
- 30 aj. Painting, papering, and interior decorating; ~~parking.~~
- 31 ak. Parking facilities; ~~pay.~~
- 32 al. Pay television; ~~pet.~~>
- 33 am. Pet grooming; ~~pipe.~~
- 34 an. Pipe fitting and plumbing; ~~wood.~~
- 35 ao. Wood preparation; ~~executive.~~

- 1 ap. Executive search agencies; ~~private.~~
- 2 aq. Private employment agencies, excluding services for
3 placing a person in employment where the principal place of
4 employment of that person is to be located outside of the
5 state; ~~reflexology; security.~~
- 6 ar. Reflexology.
- 7 as. Security and detective services, excluding private
8 security and detective services furnished by a peace officer
9 with the knowledge and consent of the chief executive officer
10 of the peace officer's law enforcement agency; ~~sewage.~~
- 11 at. Sewage services for nonresidential commercial
12 operations; ~~sewing.~~
- 13 au. Sewing and stitching; ~~shoe.~~
- 14 av. Shoe repair and shoeshine; ~~sign.~~
- 15 aw. Sign construction and installation; ~~storage.~~
- 16 ax. Storage of household goods, mini-storage, and
17 warehousing of raw agricultural products; ~~swimming.~~
- 18 ay. Swimming pool cleaning and maintenance; ~~tanning.~~
- 19 az. Tanning beds or salons; ~~taxidermy.~~
- 20 ba. Taxidermy services; ~~telephone.~~
- 21 bb. Telephone answering service; ~~test.~~
- 22 bc. Test laboratories, including mobile testing laboratories
23 and field testing by testing laboratories, and excluding tests
24 on humans or animals and excluding environmental testing
25 services; ~~termite.~~
- 26 bd. Termite, bug, roach, and pest eradicators; ~~tin.~~
- 27 be. Tin and sheet metal repair; ~~transportation.~~
- 28 bf. Transportation service consisting of the rental of
29 recreational vehicles or recreational boats, or the rental of
30 vehicles subject to registration which are registered for a
31 gross weight of thirteen tons or less for a period of sixty
32 days or less, or the rental of aircraft for a period of sixty
33 days or less; ~~.~~
- 34 bg. Turkish baths, massage, and reducing salons, excluding
35 services provided by massage therapists licensed under chapter

1 ~~152C; water.~~

2 bh. Water conditioning and softening; weighing; welding;
3 well.

4 bi. Weighing.

5 bj. Welding.

6 bk. Well drilling; wrapping.

7 bl. Wrapping, packing, and packaging of merchandise other
8 than processed meat, fish, fowl, and vegetables; wrecking.

9 bm. Wrecking service; wrecker.

10 bn. Wrecker and towing.

11 ~~b. For the purposes of this subsection, "financial~~
12 ~~institutions" means all national banks, federally chartered~~
13 ~~savings and loan associations, federally chartered savings~~
14 ~~banks, federally chartered credit unions, banks organized under~~
15 ~~chapter 524, credit unions organized under chapter 533, and~~
16 ~~all banks, savings banks, credit unions, and savings and loan~~
17 ~~associations chartered or otherwise created under the laws of~~
18 ~~any state and doing business in Iowa.~~

19 bo. Photography.

20 bp. Retouching.

21 Sec. 142. Section 423.2, subsection 8, Code 2018, is amended
22 by adding the following new paragraph:

23 NEW PARAGRAPH. *d.* A transaction that otherwise meets
24 the definition of "*bundled transaction*" as defined in this
25 subsection is not a bundled transaction if it is any of the
26 following:

27 (1) The retail sale of tangible personal property and a
28 service where the tangible personal property is essential
29 to the use of the service, and is provided exclusively in
30 connection with the service, and the true object of the
31 transaction is the service.

32 (2) The retail sale of services where one service is
33 provided that is essential to the use or receipt of a second
34 service and the first service is provided exclusively in
35 connection with the second service and the true object of the

1 transaction is the second service.

2 (3) (a) A transaction that includes taxable products and
3 nontaxable products and the purchase price or sales price of
4 the taxable products is de minimis.

5 (b) For purposes of this subparagraph, "*de minimis*" means
6 the seller's purchase or sales price of the taxable products
7 is ten percent or less of the total purchase price or sales
8 price of the bundled products. Sellers shall use either the
9 purchase price or the sale price of the products to determine
10 if the taxable products are de minimis. Sellers may not use
11 a combination of the purchase price and sales price of the
12 products to determine if the taxable products are de minimis.

13 (4) The retail sale of exempt tangible personal property and
14 taxable tangible personal property where all of the following
15 apply:

16 (a) The transaction includes food and food ingredients,
17 drugs, durable medical equipment, mobility enhancing equipment,
18 prosthetic devices, or medical supplies.

19 (b) The seller's purchase price or sales price of the
20 taxable tangible personal property is fifty percent or less
21 of the total purchase price or sales price of the bundled
22 tangible personal property. Sellers may not use a combination
23 of the purchase price and sales price of the tangible personal
24 property when making the fifty percent determination for a
25 transaction.

26 Sec. 143. Section 423.2, subsections 10, 11, and 12, Code
27 2018, are amended by striking the subsections.

28 Sec. 144. NEW SECTION. **423.2A Deposit and transfer of**
29 **revenues.**

30 1. *a.* All revenues arising under the operation of the
31 provisions of this subchapter II shall be deposited into the
32 general fund of the state.

33 *b.* Subsequent to the deposit into the general fund of
34 the state, the director shall credit an amount equal to the
35 product of the sales tax rate imposed in section 423.2 times

1 the sales price of the tangible personal property or services
2 furnished to purchasers at a baseball and softball complex that
3 has received an award under section 15F.207 and that meets
4 the qualifications of section 423.4, subsection 10, into the
5 baseball and softball complex sales tax rebate fund created
6 under section 423.4, subsection 10, paragraph "e". The director
7 shall credit the moneys beginning the first day of the quarter
8 following July 1, 2016. This paragraph is repealed thirty
9 days following the date on which five million dollars in total
10 rebates have been provided under section 423.4, subsection 10.

11 2. Subsequent to the deposit into the general fund of the
12 state pursuant to subsection 1, the department shall do the
13 following in the order prescribed:

14 a. Transfer the revenues collected under chapter 423B.

15 b. Transfer from the remaining revenues the amounts required
16 under Article VII, section 10, of the Constitution of the State
17 of Iowa to the natural resources and outdoor recreation trust
18 fund created in section 461.31, if applicable.

19 c. Transfer one-sixth of the remaining revenues to the
20 secure an advanced vision for education fund created in section
21 423F.2. This paragraph "c" is repealed December 31, 2029.

22 d. Transfer to the baseball and softball complex sales tax
23 rebate fund that portion of the sales tax receipts described
24 in subsection 1, paragraph "b", remaining after the transfers
25 required under paragraphs "a", "b", and "c" of this subsection
26 2. This paragraph is repealed thirty days following the date
27 on which five million dollars in total rebates have been
28 provided under section 423.4, subsection 10.

29 e. Beginning the first day of the calendar quarter
30 beginning on the reinvestment district's commencement date,
31 subject to remittance limitations established by the economic
32 development authority board pursuant to section 15J.4,
33 subsection 3, transfer to a district account created in the
34 state reinvestment district fund for each reinvestment district
35 established under chapter 15J, the amount of new state sales

1 tax revenue, determined in section 15J.5, subsection 1,
2 paragraph "b", in the district, that remains after the prior
3 transfers required under this subsection 2. Such transfers
4 shall cease pursuant to section 15J.8.

5 f. Subject to the limitation on the calculation and
6 deposit of sales tax increment revenues in section 418.12,
7 beginning the first day of the quarter following adoption
8 of the resolution pursuant to section 418.4, subsection 3,
9 paragraph "d", transfer to the account created in the sales tax
10 increment fund for each governmental entity approved to use
11 sales tax increment revenues under chapter 418, that portion
12 of the increase in sales tax revenue, determined in section
13 418.11, subsection 2, paragraph "d", in the applicable area of
14 the governmental entity, that remains after the other transfers
15 required under this subsection 2.

16 g. Beginning the first day of the quarter following July
17 1, 2014, transfer to the raceway facility tax rebate fund
18 created in section 423.4, subsection 11, paragraph "e", that
19 portion of the sales tax receipts collected and remitted upon
20 sales of tangible personal property or services furnished by
21 retailers at a raceway facility meeting the qualifications of
22 section 423.4, subsection 11, that remains after the transfers
23 required in paragraphs "a" through "f" of this subsection
24 2. This subparagraph is repealed June 30, 2025, or thirty
25 days following the date on which an amount of total rebates
26 specified in section 423.4, subsection 11, paragraph "c",
27 subparagraph (4), subparagraph division (a) or (b), whichever
28 is applicable, has been provided or thirty days following the
29 date on which rebates cease as provided in section 423.4,
30 subsection 11, paragraph "c", subparagraph (5), whichever is
31 earliest.

32 3. Of the amount of sales tax revenue actually transferred
33 per quarter pursuant to subsection 2, paragraphs "e" and "f",
34 the department shall retain an amount equal to the actual cost
35 of administering the transfers under subsection 2, paragraphs

1 "e" and "f", or twenty-five thousand dollars, whichever is
2 less. The amount retained by the department pursuant to this
3 subsection shall be divided pro rata each quarter between
4 the amounts that would have been transferred pursuant to
5 subsection 2, paragraphs "e" and "f", without the deduction
6 made by operation of this subsection. Revenues retained by
7 the department pursuant to this subsection shall be considered
8 repayment receipts as defined in section 8.2.

9 Sec. 145. Section 423.3, subsections 2 and 17, Code 2018,
10 are amended to read as follows:

11 2. The sales price of sales for resale of tangible personal
12 property or taxable services, or for resale of tangible
13 personal property in connection with the furnishing of taxable
14 services, except for sales, the following:

15 a. Sales, other than leases or rentals, which are sales
16 to nonqualified dealers of machinery, equipment, attachments,
17 and replacement parts specifically enumerated in subsection 37
18 and used in the manner described in subsection 37 or the. For
19 purposes of this paragraph, "nonqualified dealer" means any
20 dealer who is not a party to a dealership agreement, as those
21 terms are defined in section 322F.1.

22 b. The purchase of tangible personal property, the leasing
23 or rental of which is exempted from tax by subsection 49.

24 17. The sales price of all ~~goods, wares, or merchandise,~~
25 tangible personal property or services, used for educational
26 purposes sold to any private nonprofit educational institution
27 in this state. For the purpose of this subsection, "educational
28 *institution*" means an institution which primarily functions
29 as a school, college, or university with students, faculty,
30 and an established curriculum. The faculty of an educational
31 institution must be associated with the institution and the
32 curriculum must include basic courses which are offered every
33 year. "Educational institution" includes an institution
34 primarily functioning as a library.

35 Sec. 146. Section 423.3, subsection 3, Code 2018, is amended

1 by striking the subsection and inserting in lieu thereof the
2 following:

3 3. a. The sales price of tangible personal property used
4 primarily in agricultural production by a commercial farmer
5 if the cost of the tangible personal property is properly
6 claimed as a business deduction for purposes of chapter 422 and
7 the tangible personal property is used on land eligible for
8 the agricultural land credit created in chapter 426. If the
9 other requirements of this subsection are satisfied, "*tangible*
10 *personal property*" includes but is not limited to the following:

11 (1) Farm machinery and equipment, including supplies,
12 replacement parts, and auxiliary attachments which improve the
13 performance, safety, operation, or efficiency of the machinery
14 and equipment.

15 (2) Agricultural breeding livestock, domesticated fowl,
16 preserve whitetail as defined in section 484C.1, and draft
17 horses.

18 b. Vehicles subject to registration, as defined in section
19 423.1, and replacement parts for such vehicles, are not exempt
20 under paragraph "a" of this subsection.

21 Sec. 147. Section 423.3, subsections 3A, 4, 5, 6, 7, 8,
22 9, 10, 11, 12, 13, 14, 15, and 16, Code 2018, are amended by
23 striking the subsections.

24 Sec. 148. Section 423.3, subsections 21, 22, and 31, Code
25 2018, are amended to read as follows:

26 21. The sales price of ~~goods, wares, or merchandise,~~
27 tangible personal property or of services, used for
28 educational, scientific, historic preservation, or aesthetic
29 purpose sold to a nonprofit private museum.

30 22. The sales price from sales of ~~goods, wares, or~~
31 ~~merchandise,~~ tangible personal property or from services
32 furnished, to a nonprofit private art center to be used in the
33 operation of the art center.

34 31. ~~a.~~ The sales price of ~~goods, wares, or merchandise~~
35 tangible personal property sold to and of services furnished,

1 and used for public purposes sold to a tax-certifying or
2 tax-levying body of the state or a governmental subdivision
3 of the state, including regional transit systems, as defined
4 in [section 324A.1](#), the state board of regents, department
5 of human services, state department of transportation, any
6 municipally owned solid waste facility which sells all or part
7 of its processed waste as fuel to a municipally owned public
8 utility, and all divisions, boards, commissions, agencies,
9 or instrumentalities of state, federal, county, or municipal
10 government which have no earnings going to the benefit of an
11 equity investor or stockholder, except any of the following:

12 (1) a. The sales price of ~~goods, wares, or merchandise~~
13 tangible personal property sold to, or of services furnished,
14 and used by or in connection with the operation of any
15 municipally owned public utility engaged in selling gas,
16 electricity, heat, pay television service, or communication
17 service to the general public.

18 (2) b. The sales price of furnishing of sewage services to
19 a county or municipality on behalf of nonresidential commercial
20 operations.

21 (3) c. The furnishing of solid waste collection and
22 disposal service to a county or municipality on behalf of
23 nonresidential commercial operations located within the county
24 or municipality.

25 ~~b. The exemption provided by [this subsection](#) shall also~~
26 ~~apply to all such sales of goods, wares, or merchandise or of~~
27 ~~services furnished and subject to use tax.~~

28 Sec. 149. Section 423.3, subsection 47, paragraph d,
29 subparagraph (4), Code 2018, is amended by striking the
30 subparagraph and inserting in lieu thereof the following:

31 (4) (a) "Manufacturer" means a business that primarily
32 purchases, receives, or holds personal property of any
33 description for the purpose of adding to its value by a process
34 of manufacturing with a view to selling the property for gain
35 or profit.

1 (b) *“Manufacturer”* includes contract manufacturers. A
2 contract manufacturer is a manufacturer that otherwise falls
3 within the definition of manufacturer, except that a contract
4 manufacturer does not sell the tangible personal property
5 the contract manufacturer processes on behalf of other
6 manufacturers.

7 (c) For purposes of this subparagraph, *“business”* means
8 those businesses conducted for profit, but excludes professions
9 and occupations and nonprofit organizations.

10 (d) For purposes of this subparagraph, *“manufacturing”*
11 means those activities commonly understood within the ordinary
12 meaning of the term, and shall include:

13 (i) Refining.

14 (ii) Purifying.

15 (iii) Combining of different materials.

16 (iv) Packing of meats.

17 (v) Activities subsequent to the extractive process of
18 quarrying or mining, such as crushing, washing, sizing, or
19 blending of aggregate materials.

20 (e) *“Manufacturer”* does not include persons who are not
21 commonly understood as manufacturers, including but not limited
22 to persons engaged in any of the following activities:

23 (i) Construction contracting.

24 (ii) Repairing tangible personal property or real property.

25 (iii) Providing health care.

26 (iv) Farming, including cultivating agricultural products
27 and raising livestock.

28 (v) Transporting for hire.

29 (vi) Making retail sales to consumers.

30 Sec. 150. Section 423.3, subsection 63, Code 2018, is
31 amended to read as follows:

32 63. The sales price from the sale of tangible personal
33 property or services which will be given as prizes to players
34 in games of skill, games of chance, raffles, and bingo games as
35 defined in [chapter 99B](#).

1 Sec. 151. Section 423.3, subsection 78, paragraph a,
2 unnumbered paragraph 1, Code 2018, is amended to read as
3 follows:

4 The sales price from ~~sales or rental~~ the sale of tangible
5 personal property, or services rendered by any entity where
6 the profits from the ~~sales or rental~~ sale of the tangible
7 personal property, or services rendered, are used by or donated
8 to a nonprofit entity that is exempt from federal income
9 taxation pursuant to section 501(c)(3) of the Internal Revenue
10 Code, a government entity, or a nonprofit private educational
11 institution, and where the entire proceeds from the ~~sales,~~
12 ~~rental,~~ sale or services are expended for any of the following
13 purposes:

14 Sec. 152. Section 423.3, subsection 79, Code 2018, is
15 amended to read as follows:

16 79. The sales price from the sale ~~or rental~~ of tangible
17 personal property or from services furnished, to a recognized
18 community action agency as provided in [section 216A.93](#) to be
19 used for the purposes of the agency.

20 Sec. 153. Section 423.3, Code 2018, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 103. The sales price from the sale of a
23 grain bin or materials used to construct a grain bin. For
24 purposes of this subsection, "*grain bin*" means property that is
25 vented and covered with corrugated metal or similar material,
26 and that is primarily used to hold loose grain for drying or
27 storage.

28 Sec. 154. Section 423.4, subsection 3, unnumbered paragraph
29 1, Code 2018, is amended to read as follows:

30 A relief agency may apply to the director for refund of the
31 amount of sales or use tax imposed and paid upon sales to it of
32 any ~~goods, wares, merchandise,~~ tangible personal property or
33 services furnished, used for free distribution to the poor and
34 needy.

35 Sec. 155. Section 423.4, subsection 3, paragraph a,

1 subparagraph (1), Code 2018, is amended to read as follows:

2 (1) On forms furnished by the department, and filed within
3 the time as the director shall provide by rule, the relief
4 agency shall report to the department the total amount or
5 amounts, valued in money, expended directly or indirectly
6 for ~~goods, wares, merchandise,~~ tangible personal property or
7 services furnished, used for free distribution to the poor and
8 needy.

9 Sec. 156. Section 423.4, subsection 10, paragraph e, Code
10 2018, is amended to read as follows:

11 e. There is established within the state treasury under the
12 control of the department a baseball and softball complex sales
13 tax rebate fund consisting of the amount of state sales tax
14 revenues transferred pursuant to ~~section 423.2, subsection 11,~~
15 ~~paragraph "b", subparagraph (4)~~ 423.2A, subsection 2, paragraph
16 "d". An account is created within the fund for each baseball
17 and softball complex receiving an award under section 15F.207
18 and meeting the qualifications of this subsection. Moneys
19 in the fund shall only be used to provide rebates of state
20 sales tax pursuant to this subsection, and only the state sales
21 tax revenues in the baseball and softball complex rebate fund
22 are subject to rebate under this subsection. The amount of
23 rebates paid from each baseball and softball complex's account
24 within the fund shall not exceed the amount of the award under
25 section 15F.207, and not more than five million dollars in
26 total rebates shall be paid from the fund. Any moneys in the
27 fund which represent state sales tax revenue for which the time
28 period in paragraph "c" for receiving a rebate has expired,
29 or which otherwise represent state sales tax revenue that has
30 become ineligible for rebate pursuant to this subsection, shall
31 immediately revert to the general fund of this state.

32 Sec. 157. Section 423.4, subsection 11, paragraph b,
33 subparagraph (1), Code 2018, is amended to read as follows:

34 (1) Sales tax imposed and collected by retailers upon
35 sales of tangible personal property or services furnished to

1 purchasers at the raceway facility. Notwithstanding the state
2 sales tax imposed in [section 423.2](#), a sales tax rebate issued
3 pursuant to this subparagraph shall not exceed the amounts
4 transferred to the raceway facility tax rebate fund pursuant to
5 ~~section 423.2, subsection 11, paragraph "b", subparagraph (7)~~
6 423.2A, subsection 2, paragraph "g".

7 Sec. 158. Section 423.4, subsection 11, paragraph b,
8 subparagraph (2), subparagraph division (c), Code 2018, is
9 amended to read as follows:

10 (c) Notwithstanding the state sales tax imposed in section
11 423.2, a sales tax rebate issued pursuant to this subparagraph
12 shall not exceed the amounts remaining after the transfers
13 required under ~~section 423.2, subsection 11, paragraph "b",~~
14 ~~subparagraphs (1) through (6)~~ 423.2A, subsection 2, paragraphs
15 "a" through "f", have been made from the total amount of sales
16 tax for which the rebate is requested.

17 Sec. 159. Section 423.4, subsection 11, paragraph e, Code
18 2018, is amended to read as follows:

19 e. There is established within the state treasury under
20 the control of the department a raceway facility tax rebate
21 fund consisting of the amount of state sales tax revenues
22 transferred pursuant to ~~section 423.2, subsection 11, paragraph~~
23 ~~"b", subparagraph (7)~~ 423.2A, subsection 2, paragraph "g". An
24 account is created within the fund for each raceway facility
25 meeting the qualifications of [this subsection](#). Moneys in the
26 fund shall only be used to provide rebates of state sales tax
27 pursuant to paragraph "b", subparagraph (1). The total amount
28 of rebates paid from the fund shall not exceed the amount
29 specified in paragraph "c", subparagraph (4), subparagraph
30 division (a) or (b), whichever is applicable. Any moneys in
31 the fund which represent state sales tax revenue for which the
32 time period in paragraph "c" for receiving a rebate has expired,
33 or which otherwise represent state sales tax revenue that has
34 become ineligible for rebate pursuant to [this subsection](#) shall
35 immediately revert to the general fund of the state.

1 Sec. 160. Section 423.5, subsection 1, paragraph a, Code
2 2018, is amended to read as follows:

3 a. The use in this state of tangible personal property
4 as defined in [section 423.1](#), including aircraft subject to
5 registration under [section 328.20](#), purchased for use in this
6 state. For the purposes of [this subchapter](#), the furnishing
7 or use of the following services is also treated as the use
8 of tangible personal property: optional service or warranty
9 contracts, except residential service contracts regulated under
10 chapter 523C, vulcanizing, recapping, or retreading services,
11 engraving, ~~photography, retouching,~~ printing, or binding
12 services, and communication service when furnished or delivered
13 to consumers or users within this state.

14 Sec. 161. Section 423.14, subsection 2, paragraph b, Code
15 2018, is amended to read as follows:

16 b. The tax upon the use of all tangible personal property
17 other than that enumerated in paragraph "a", which is sold by
18 a seller who is a retailer ~~maintaining a place of business~~
19 ~~in this state, or by such other retailer or agent as the~~
20 ~~director shall authorize pursuant to [section 423.30](#) or its~~
21 agent that is not otherwise required to collect sales tax under
22 the provisions of this chapter, shall be collected by the
23 retailer or agent and remitted to the department, pursuant to
24 the provisions of paragraph "e", and [sections 423.24](#), [423.29](#),
25 [423.30](#), [423.32](#), and [423.33](#).

26 Sec. 162. NEW SECTION. **423.14A Persons required to collect**
27 **sales and use tax — supplemental conditions, requirements, and**
28 **responsibilities.**

29 1. For purposes of this section, "Iowa sales" means sales of
30 tangible personal property, services, or digital goods sourced
31 to this state pursuant to [section 423.15](#), [423.16](#), [423.17](#),
32 [423.19](#), or [423.20](#), or that are otherwise sold in this state or
33 for delivery into this state.

34 2. In addition to and not in lieu of any application of
35 this chapter to sellers who are retailers and sellers who are

1 retailers maintaining a place of business in this state, any
2 person described in subsection 3, or the person's agents,
3 shall be considered a retailer in this state and a retailer
4 maintaining a place of business in this state for purposes of
5 this chapter on or after January 1, 2019, and shall be subject
6 to all requirements of this chapter imposed on retailers and
7 retailers maintaining a place of business in this state,
8 including but not limited to the requirement to collect and
9 remit sales and use taxes pursuant to sections 423.14 and
10 423.29, and local option taxes under chapter 423B.

11 3. a. A retailer that has gross revenue from Iowa sales
12 equal to or exceeding one hundred thousand dollars for the
13 immediately preceding calendar year or the current calendar
14 year.

15 b. A retailer that makes Iowa sales in two hundred or more
16 separate transactions for the immediately preceding calendar
17 year or the current calendar year.

18 c. (1) A retailer that owns, licenses, or uses software
19 or data files that are installed or stored on property used
20 in this state. For purposes of this subparagraph, "*software*
21 *or data files*" include but are not limited to software that is
22 affirmatively downloaded by a user, software that is downloaded
23 as a result of the use of a website, preloaded software, and
24 cookies.

25 (2) A retailer that uses in-state software to make Iowa
26 sales. For purposes of this subparagraph, "*in-state software*"
27 means computer software that is stored on property located in
28 this state or that is distributed within this state for the
29 purpose of facilitating a sale by the retailer.

30 (3) A retailer that provides, or enters into an agreement
31 with another person to provide, a content distribution network
32 in this state to facilitate, accelerate, or enhance the
33 delivery of the retailer's internet site to purchasers. For
34 purposes of this subparagraph, "*content distribution network*"
35 means a system of distributed servers that deliver internet

1 sites and other internet content to a user based on the
2 geographic location of the user, the origin of the internet
3 site or internet content, and a content delivery server.

4 (4) This paragraph "c" shall not apply to a retailer that
5 has gross revenue from Iowa sales of less than one hundred
6 thousand dollars for the immediately preceding calendar year
7 or the current calendar year.

8 d. (1) A retailer that makes Iowa sales through a
9 marketplace provider. This subparagraph shall not apply to a
10 retailer that has gross revenue from Iowa sales of less than
11 ten thousand dollars for the immediately preceding calendar
12 year or the current calendar year.

13 (2) A marketplace provider that makes or facilitates Iowa
14 sales for one or more retailers equal to or exceeding one
15 hundred thousand dollars, or in two hundred or more separate
16 transactions, for the immediately preceding calendar year or
17 the current calendar year.

18 (3) Retailers and marketplace providers subject to this
19 paragraph may enter into agreements regarding the fulfillment
20 of the requirements of this chapter.

21 (4) A marketplace provider shall collect sales and use tax
22 on the entire sales price or purchase price paid by a purchaser
23 on each Iowa sale made or facilitated by the marketplace
24 provider that is subject to sales and use tax, regardless of
25 the amount of the sales price or purchase price that will
26 ultimately accrue to or benefit the marketplace provider,
27 another retailer, or any other person. This sales and use tax
28 collection responsibility of a marketplace provider applies but
29 shall not be limited to sales facilitated through a computer
30 software application, commonly referred to as in-app purchases,
31 or through another digital good.

32 (5) A marketplace provider shall be relieved of liability
33 under this paragraph "d" for failure to collect and remit sales
34 and use tax on an Iowa sale made or facilitated for a retailer
35 under the following circumstances:

1 (a) If the marketplace provider demonstrates to the
2 satisfaction of the department that the failure to collect and
3 remit the correct tax was due to incorrect or insufficient
4 information provided to the marketplace provider by the
5 retailer. This subparagraph division does not apply if a
6 marketplace provider and a retailer are affiliates. For Iowa
7 sales for which a marketplace provider is relieved of liability
8 under this subparagraph division, the retailer or purchaser are
9 solely liable for any amount of uncollected or unpaid tax.

10 (b) (i) Subject to the limitation in subparagraph
11 subdivision (ii), if the marketplace provider demonstrates
12 to the satisfaction of the department that the Iowa sale was
13 made or facilitated for a retailer prior to January 1, 2026,
14 through a platform or other marketplace of the marketplace
15 provider, that the marketplace provider and the retailer are
16 not affiliates, and that the failure to collect sales and
17 use tax was not due to an error in sourcing the sale. To the
18 extent that a marketplace provider is relieved of liability
19 for collection of sales and use tax under this subparagraph
20 division, the retailer for whom the marketplace provider
21 has made or facilitated the Iowa sale is also relieved of
22 liability. The department may determine the manner in which
23 a marketplace provider or retailer shall claim the liability
24 relief provided in this subparagraph division.

25 (ii) The liability relief provided in subparagraph
26 subdivision (i) shall not exceed the following percentage
27 of the total sales and use tax due on Iowa sales made or
28 facilitated by a marketplace provider for retailers and sourced
29 to this state during a calendar year:

30 (A) For Iowa sales made or facilitated during the 2019
31 calendar year, ten percent.

32 (B) For Iowa sales made or facilitated during calendar years
33 2020 through 2024, five percent.

34 (C) For Iowa sales made or facilitated during the 2025
35 calendar year, three percent.

1 (6) (a) For purposes of this paragraph, "*marketplace*
2 *provider*" means a person who facilitates a retail sale by
3 satisfying subparagraph divisions (i) and (ii) as follows:

4 (i) The person directly or indirectly does any of the
5 following:

6 (A) Lists, makes available, or advertises tangible personal
7 property, services, or digital goods for sale by a retailer in
8 any forum.

9 (B) Transmits or otherwise communicates an offer or
10 acceptance of a retail sale of tangible personal property,
11 services, or digital goods between a retailer and a purchaser.

12 (C) Owns, rents, licenses, makes available, or operates
13 any electronic or physical infrastructure or any property,
14 process, method, copyright, trademark, or patent that connects
15 retailers to purchasers for the purpose of making retail sales
16 of tangible personal property, services, or digital goods.

17 (D) Provides a platform or other marketplace for making
18 retail sales of tangible personal property, services, or
19 digital goods, or otherwise facilitates retail sales of
20 tangible personal property, services, or digital goods,
21 regardless of ownership or control of the tangible personal
22 property, services, or digital goods that are the subject of
23 the retail sale.

24 (E) Provides software development or research and
25 development activities related to any activity described in
26 this subparagraph subdivision (i), if such software development
27 or research and development activities are directly related
28 to the physical or electronic marketplace provided by a
29 marketplace provider.

30 (F) Provides or offers fulfillment or storage services for
31 a retailer.

32 (G) Sets prices for a retailer's sale of tangible personal
33 property, services, or digital goods.

34 (H) Provides or offers customer service to a retailer or
35 a retailer's customers, or accepts or assists with returns or

1 exchanges of tangible personal property, services, or digital
2 goods sold by a retailer.

3 (ii) The person directly or indirectly does any of the
4 following:

5 (A) Collects the sales price or purchase price of a retail
6 sale of tangible personal property, services, or digital goods.

7 (B) Provides payment processing services for a retail sale
8 of tangible personal property, services, or digital goods.

9 (C) Charges, collects, or otherwise receives selling fees,
10 listing fees, referral fees, closing fees, fees for inserting
11 or making available tangible personal property, services, or
12 digital goods on a marketplace, or other consideration from the
13 facilitation of a retail sale of tangible personal property,
14 services, or digital goods, regardless of ownership or control
15 of the tangible personal property, services, or digital goods
16 that are the subject of the retail sale.

17 (D) Through terms and conditions, agreements, or
18 arrangements with a third party, collects payment in connection
19 with a retail sale of tangible personal property, services,
20 or digital goods from a purchaser and transmits that payment
21 to the retailer, regardless of whether the person collecting
22 and transmitting such payment receives compensation or other
23 consideration in exchange for the service.

24 (E) Provides a virtual currency that purchasers are allowed
25 or required to use to purchase tangible personal property,
26 services, or digital goods.

27 (b) For purposes of this paragraph, "*marketplace provider*"
28 includes but is not limited to a digital distribution service,
29 digital distribution platform, online portal, or an application
30 store.

31 e. (1) A referrer if Iowa sales result from referrals from
32 a platform of the referrer. A referrer is not required to
33 collect and remit sales and use tax pursuant to this paragraph
34 if the referrer does all of the following:

35 (a) The referrer posts a conspicuous notice on each platform

1 of the referrer that includes all of the following:

2 (i) A statement that sales or use tax is due on certain
3 purchases.

4 (ii) A statement that the retailer from whom the person is
5 purchasing on the platform may not collect and remit sales and
6 use tax on a purchase.

7 (iii) A statement that Iowa requires the purchaser to pay
8 sales or use tax and file sales or use tax returns if sales
9 or use tax is not collected at the time of the sale by the
10 retailer.

11 (iv) Information informing the purchaser that the notice is
12 provided under the requirements of this subparagraph.

13 (v) Instructions for obtaining additional information from
14 the department regarding whether and how to remit sales and use
15 tax to the state of Iowa.

16 (b) The referrer provides a monthly notice to each retailer
17 to whom the referrer made a referral of a potential customer
18 located in Iowa during the previous calendar year, which
19 monthly notice shall contain all of the following:

20 (i) A statement that Iowa imposes a sales or use tax on Iowa
21 sales.

22 (ii) A statement that a retailer making Iowa sales must
23 collect and remit sales and use tax.

24 (iii) Instructions for obtaining additional information
25 from the department regarding the collection and remittance of
26 Iowa sales and use tax.

27 (c) The referrer provides the department with monthly
28 reports in an electronic format and in the manner prescribed
29 by the department, which monthly reports contain all of the
30 following:

31 (i) A list of retailers who received the referrer's notice
32 under subparagraph division (b).

33 (ii) A list of retailers that collect and remit Iowa sales
34 and use tax and that list or advertise the retailer's products
35 for sale on a platform of the referrer.

1 (iii) An affidavit signed under penalty of perjury from
2 an officer of the referrer affirming that the referrer made
3 reasonable efforts to comply with the applicable sales and use
4 tax notice and reporting requirements of this subparagraph.

5 (2) For purposes of this paragraph:

6 (a) "Platform" means an electronic or physical medium,
7 including but not limited to an internet site or catalog,
8 operated by a referrer.

9 (b) "Referral" means the transfer through telephone,
10 internet link, or other means by a referrer of a potential
11 customer to a retailer who advertises or lists products for
12 sale on a platform of the referrer.

13 (c) (i) "Referrer" means a person who does all of the
14 following:

15 (A) Contracts or otherwise agrees with a retailer to list
16 or advertise for sale a product of the retailer on a platform,
17 provided such listing or advertisement identifies whether or
18 not the retailer collects sales and use tax.

19 (B) Receives a commission, fee, or other consideration from
20 the retailer for the listing or advertisement.

21 (C) Provides referrals to a retailer or an affiliate of the
22 retailer.

23 (D) Does not collect money or other consideration from the
24 customer for the transaction.

25 (ii) "Referrer" does not include a person primarily engaged
26 in the business of printing or publishing a newspaper.

27 f. (1) A retailer that makes Iowa sales through the use of
28 a solicitor. For purposes of this paragraph, "solicitor" means
29 a person that directly or indirectly solicits business for a
30 retailer.

31 (2) (a) A retailer is deemed to have a solicitor in
32 this state if the retailer enters into an agreement with a
33 resident under which the resident, for a commission, fee, or
34 other similar consideration, directly or indirectly refers
35 potential customers, whether by link on an internet site,

1 or otherwise, to the retailer. This determination may be
2 rebutted by a showing of proof that the resident with whom the
3 retailer has an agreement did not engage in any solicitation
4 in this state on behalf of the retailer that would satisfy the
5 nexus requirement of the United States Constitution during the
6 calendar year in question.

7 (b) This subparagraph (2) shall not apply to a retailer that
8 has Iowa gross revenue from Iowa sales of ten thousand dollars
9 or less for the immediately preceding calendar year or the
10 current calendar year.

11 (c) For purposes of this subparagraph (2):

12 (i) "*Iowa gross revenue*" means gross revenue from Iowa
13 sales to purchasers who were referred to the retailer by all
14 solicitors who are residents.

15 (ii) "*Resident*" includes an individual who is a resident
16 of this state, as defined in section 422.4, and any business
17 that owns any tangible or intangible property with a situs in
18 this state, or that has one or more employees performing or
19 providing services for the business in this state.

20 (d) This paragraph "f" does not apply to chapter 422 and
21 does not expand or contract the state's jurisdiction to tax a
22 trade or business under chapter 422.

23 g. A retailer that owns, controls, rents, licenses, makes
24 available, or uses any tangible or intangible property in this
25 state or with a situs in this state, to make or otherwise
26 facilitate a retail sale.

27 h. (1) Any person that enters into a contract or agreement
28 with a governmental entity, including but not limited to
29 contracts for the provision of financial assistance or
30 incentives such as a tax credit, forgivable loan, grant, tax
31 rebate, or any other thing of value. For purposes of this
32 subparagraph, "*governmental entity*" means any unit of government
33 in the executive, legislative, or judicial branch, or any
34 political subdivision of the state, including but not limited
35 to a city, county, township, or school district.

1 (2) Every bid submitted and each contract or agreement
2 executed by a state agency shall contain a certification by
3 the bidder or contractor stating that the bidder or contractor
4 is registered with the department pursuant to this chapter
5 and will collect and remit Iowa sales and use tax due under
6 this chapter. In the certification, the bidder or contractor
7 shall also acknowledge that the state agency may declare the
8 contractor or bid void if the certification is false or becomes
9 false. Fraudulent certification, by act or omission, may
10 result in the state agency or its representative filing for
11 damages for breach of contract.

12 *i.* Any affiliate of any retailer that is required to collect
13 and remit sales and use tax under this chapter, provided the
14 affiliate makes retail sales.

15 Sec. 163. Section 423.15, unnumbered paragraph 1, Code
16 2018, is amended to read as follows:

17 All sales of ~~products~~ tangible personal property or
18 services, except those sales enumerated in [section 423.16](#),
19 shall be sourced according to [this section](#) by sellers
20 obligated to collect Iowa sales and use tax. The sourcing
21 rules described in [this section](#) apply to sales of tangible
22 personal property, digital goods, and all services other than
23 telecommunications services. [This section](#) only applies to
24 determine a seller's obligation to pay or collect and remit
25 a Iowa sales or use tax with respect to the seller's sale of
26 a product. [This section](#) does not affect the obligation of a
27 purchaser or lessee to remit tax on the use of the product to
28 the taxing jurisdictions in which the use occurs. A seller's
29 obligation to collect Iowa sales tax or Iowa use tax only
30 occurs if the sale is sourced to this state. ~~Whether~~ Iowa
31 sales tax applies to a sale sourced to Iowa ~~shall be determined~~
32 ~~based on the location at which the sale is consummated by~~
33 ~~delivery or, in the case of a service, where the first use of~~
34 ~~the service occurs~~ made by a seller subject to section 423.1,
35 subsection 48, or section 423.14A.

1 Sec. 164. Section 423.15, subsection 1, paragraph e, Code
2 2018, is amended to read as follows:

3 e. When paragraphs "a", "b", "c", and "d" do not apply,
4 including the circumstance where the seller is without
5 sufficient information to apply the previous rules, then the
6 location will be determined by the address from which tangible
7 personal property was shipped, from which the digital good
8 or the computer software delivered electronically was first
9 available for transmission by the seller, or from which the
10 service was provided disregarding for these purposes any
11 location that merely provided the digital transfer of the
12 product sold.

13 Sec. 165. Section 423.29, subsection 1, Code 2018, is
14 amended to read as follows:

15 1. Every seller who is a retailer and who is making taxable
16 sales of tangible personal property in Iowa shall, at the time
17 of ~~selling the property~~ making the sale, collect the sales tax.
18 Every seller who is a retailer ~~maintaining a place of business~~
19 ~~in this state~~ that is not otherwise required to collect sales
20 tax under the provisions of this chapter and who is selling
21 tangible personal property for use in Iowa shall, at the time
22 of making the sale, whether within or without the state,
23 collect the use tax. Sellers required to collect sales or use
24 tax shall give to any purchaser a receipt for the tax collected
25 in the manner and form prescribed by the director.

26 Sec. 166. Section 423.31, subsection 1, Code 2018, is
27 amended to read as follows:

28 1. Each person subject to [this section](#) and [section 423.36](#)
29 and in accordance with the provisions of [this section](#) and
30 section 423.36 shall, on or before the last day of the month
31 following the close of each calendar quarter during which
32 such person is or has become or ceased being subject to the
33 provisions of [this section](#) and [section 423.36](#), make, sign, and
34 file a return for the calendar quarter in the form as may be
35 required. Returns shall show information relating to sales

1 prices including ~~goods, wares,~~ tangible personal property
2 and services converted to use of such person, the amounts of
3 sales prices excluded and exempt from the tax, the amounts of
4 sales prices subject to tax, a calculation of tax due, and
5 any other information for the period covered by the return
6 as may be required. Returns shall be signed by the retailer
7 or the retailer's authorized agent and must be certified by
8 the retailer to be correct in accordance with forms and rules
9 prescribed by the director.

10 Sec. 167. Section 423.31, subsection 5, paragraph a, Code
11 2018, is amended to read as follows:

12 a. Upon making application and receiving approval from
13 the director, a ~~parent corporation~~ person and its affiliated
14 ~~corporations~~ affiliates that make retail sales of tangible
15 personal property or taxable enumerated services may make
16 deposits and file a consolidated sales tax return for the
17 affiliated group, pursuant to rules adopted by the director. A
18 ~~parent corporation~~ person and each affiliate ~~corporation~~ that
19 files a consolidated return are jointly and severally liable
20 for all tax, penalty, and interest found due for the tax period
21 for which a consolidated return is filed or required to be
22 filed.

23 Sec. 168. Section 423.33, subsection 3, Code 2018, is
24 amended to read as follows:

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

1 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to the
2 sponsors. For purposes of this subsection, a "person sponsoring
3 a flea market or a craft, antique, coin, or stamp show or similar
4 event" does not include an organization which sponsors an
5 event determined to qualify as an event involving casual sales
6 pursuant to section 423.3, subsection 39, or the state fair or
7 a fair as defined in section 174.1.

8 Sec. 169. Section 423.33, Code 2018, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 4. *Liability of affiliates.*

11 a. Notwithstanding any other provision of law to the
12 contrary, if any retailer required to collect and remit sales
13 and use tax pursuant to sections 423.14, 423.14A, and 423.29,
14 or any other provision of this chapter, fails to do so, all
15 affiliates that directly, indirectly, or constructively control
16 the retailer shall be jointly and severally liable for any tax,
17 penalty, and interest under this chapter, regardless of whether
18 the affiliate is a retailer.

19 b. Pursuant to paragraph "a", the department may elect
20 to assess the full amount of any tax, penalty, and interest
21 against the retailer, an affiliate of the retailer described
22 in paragraph "a", or any combination of the retailer and the
23 retailer's affiliates described in paragraph "a".

24 c. Notwithstanding any other provision of law to the
25 contrary, the department has the discretion to deem an
26 affiliate of a retailer an agent or alter ego of that retailer.

27 d. Notwithstanding any other provision of law to the
28 contrary, the department has the discretion to disregard or
29 look through any organizational structure of an enterprise in
30 order to assess and collect any tax, penalty, and interest
31 against an affiliate that is acting to benefit an affiliate or
32 an enterprise of which the affiliate is a part.

33 Sec. 170. Section 423.34, Code 2018, is amended to read as
34 follows:

35 **423.34 Liability of user.**

1 Any person who uses any tangible personal property or
2 services enumerated in section 423.2 upon which the use tax has
3 not been paid, either to the county treasurer or to a retailer
4 or direct to the department as required by this subchapter,
5 shall be liable for the payment of tax, and shall on or before
6 the last day of the month next succeeding each quarterly period
7 pay the use tax upon all property or services used by the
8 person during the preceding quarterly period in the manner and
9 accompanied by such returns as the director shall prescribe.

10 All of the provisions of sections 423.32 and 423.33 with
11 reference to the returns and payments shall be applicable to
12 the returns and payments required by this section.

13 Sec. 171. Section 423.57, Code 2018, is amended to read as
14 follows:

15 **423.57 Statutes applicable.**

16 The director shall administer this subchapter as it relates
17 to the taxes imposed in this chapter in the same manner and
18 subject to all the provisions of, and all of the powers,
19 duties, authority, and restrictions contained in sections
20 423.14, 423.14A, 423.15, 423.16, 423.17, 423.19, 423.20,
21 423.21, 423.22, 423.23, 423.24, 423.25, 423.29, 423.31, 423.32,
22 423.33, 423.34, 423.34A, 423.35, 423.37, 423.38, 423.39,
23 423.40, 423.41, and 423.42, section 423.43, subsection 1, and
24 sections 423.45, 423.46, and 423.47.

25 Sec. 172. Section 423.58, Code 2018, is amended to read as
26 follows:

27 **423.58 Collection, permit, and tax return exemption for**
28 **certain out-of-state businesses.**

29 Notwithstanding sections 423.14, 423.14A, 423.29, 423.31,
30 423.32, and 423.36, a person meeting the requirements of
31 section 29C.24 is not required to obtain a sales or use tax
32 permit, collect and remit sales and use tax, or make and file
33 applicable sales or use tax returns, as provided in section
34 29C.24, subsection 3, paragraph "a", subparagraph (2).

35 Sec. 173. Section 423B.5, subsection 1, Code 2018, is

1 amended to read as follows:

2 1. A local sales and services tax at the rate of not more
3 than one percent may be imposed by a county on the sales price
4 taxed by the state under [chapter 423, subchapter II](#). A local
5 sales and services tax shall be imposed on the same basis as
6 the state sales and services tax or in the case of the use of
7 natural gas, natural gas service, electricity, or electric
8 service on the same basis as the state use tax and shall not
9 be imposed on the sale of any property or on any service not
10 taxed by the state, except the tax shall not be imposed on
11 the sales price from the sale of motor fuel or special fuel
12 as defined in [chapter 452A](#) which is consumed for highway use
13 or in watercraft or aircraft if the fuel tax is paid on the
14 transaction and a refund has not or will not be allowed,
15 on the sales price from the sale of equipment by the state
16 department of transportation, or on the sales price from the
17 sale or use of natural gas, natural gas service, electricity,
18 or electric service in a city or county where the sales price
19 from the sale of natural gas or electric energy is subject to
20 a franchise fee or user fee during the period the franchise
21 or user fee is imposed. A local sales and services tax is
22 applicable to transactions within those incorporated and
23 unincorporated areas of the county where it is imposed and,
24 which transactions include but are not limited to sales sourced
25 pursuant to sections 423.15, 423.17, 423.19, or 423.20, to a
26 location within that incorporated or unincorporated area of the
27 county. The tax shall be collected by all persons required
28 to collect state sales taxes. All cities contiguous to each
29 other shall be treated as part of one incorporated area and the
30 tax would be imposed in each of those contiguous cities only
31 if the majority of those voting in the total area covered by
32 the contiguous cities favors its imposition. In the case of a
33 local sales and services tax submitted to the registered voters
34 of two or more contiguous counties as provided in section
35 423B.1, subsection 4, paragraph "c", all cities contiguous to

1 each other shall be treated as part of one incorporated area,
2 even if the corporate boundaries of one or more of the cities
3 include areas of more than one county, and the tax shall be
4 imposed in each of those contiguous cities only if a majority
5 of those voting on the tax in the total area covered by the
6 contiguous cities favored its imposition.

7 Sec. 174. Section 423B.6, subsection 2, paragraph b, Code
8 2018, is amended to read as follows:

9 b. The ordinance of a county board of supervisors imposing
10 a local sales and services tax shall adopt by reference the
11 applicable provisions of the appropriate sections of chapter
12 423. All powers and requirements of the director to administer
13 the state sales tax law and use tax law are applicable to the
14 administration of a local sales and services tax law and the
15 local excise tax, including but not limited to the provisions
16 of [section 422.25, subsection 4, sections 422.30, 422.67,](#)
17 [and 422.68, section 422.69, subsection 1, sections 422.70](#)
18 [through 422.75, section 423.14, subsection 1 and subsection](#)
19 [2, paragraphs "b" through "e", and sections 423.14A, 423.15,](#)
20 [423.23, 423.24, 423.25, 423.31 through 423.35, 423.37 through](#)
21 [423.42, 423.46, and 423.47.](#) Local officials shall confer
22 with the director of revenue for assistance in drafting the
23 ordinance imposing a local sales and services tax. A certified
24 copy of the ordinance shall be filed with the director as soon
25 as possible after passage.

26 Sec. 175. LEGISLATIVE INTENT. It is the intent of the
27 general assembly that the provisions of this division of this
28 Act amending the definition of "place of business" in section
29 423.1, subsection 37, and "sales" in section 423.1, subsection
30 50, enacting definitions of "sold at retail in the state" in
31 section 423.1, subsection 55A, and "subscription" in section
32 423.1, subsection 57A, are conforming amendments consistent
33 with current state law, and that the amendments do not change
34 the application of current law but instead reflect current law
35 both before and after the enactment of this division of this

1 Act.

2 Sec. 176. EFFECTIVE DATE.

3 1. Except as provided in subsection 2, this division of this
4 Act takes effect January 1, 2019.

5 2. The following take effect July 1, 2018:

6 a. The sections of this division of this Act amending
7 section 423.1, subsections 37 and 50.

8 b. The sections of this division of this Act enacting
9 section 423.1, subsections 55A and 57A.

10 c. The section of this division of this Act amending section
11 423.2, subsection 1, paragraph "a", subparagraph (1).

12 d. The provisions adding photography and retouching to the
13 list of enumerated services subject to the sales tax in the
14 section of this division of this Act amending section 423.2,
15 subsection 6.

16 e. The section of this division of this Act enacting section
17 423.2, subsection 8, paragraph "d".

18 f. The section of this division of this Act amending section
19 423.5, subsection 1, paragraph "a".

20 g. The section of this division of this Act entitled
21 "legislative intent" which describes the intent of the general
22 assembly with respect to certain amendments in this division of
23 this Act to the definition of "place of business" in section
24 423.1, subsection 37, "sales" in section 423.1, subsection 50,
25 the enactment of a definition for "subscription" in section
26 423.1, subsection 57A, and "sold at retail" in section 423.1,
27 subsection 55A.

28 DIVISION VII

29 HOTEL AND MOTEL EXCISE TAX AND AUTOMOBILE RENTAL EXCISE TAX
30 CHANGES

31 Sec. 177. Section 423A.2, subsection 1, Code 2018, is
32 amended to read as follows:

33 1. For the purposes of [this chapter](#), unless the context
34 otherwise requires:

35 a. "Department" means the department of revenue.

1 *b. "Lessor" means any of the following:*

2 (1) A person engaged in the business of renting lodging to
3 users.

4 (2) A person who acquires a right to or interest in any
5 lodging with an intent to rent the lodging to another person.

6 (3) A person who actually or constructively rents lodging,
7 regardless of who owns or controls the lodging.

8 (4) A lodging facilitator.

9 (5) A retailer or retailer maintaining a place of business
10 in this state as defined in section 423.1, including those
11 persons who meet the requirements of section 423.14A, which
12 retailer or retailer maintaining a place of business in this
13 state would be responsible for collection and payment of the
14 hotel and motel tax if it were a sales or use tax under chapter
15 423.

16 *c. "Lodging" means rooms, apartments, or sleeping quarters*
17 *in a hotel, motel, inn, public lodging house, rooming house,*
18 *cabin, apartment, residential property, or manufactured or*
19 *mobile home which is tangible personal property, or in a*
20 *tourist court, or in any place where sleeping accommodations*
21 *are furnished to transient guests for rent, whether with or*
22 *without meals. Lodging does not include rooms that are not*
23 *used for sleeping accommodations.*

24 *d. "Lodging facilitator" means any person who facilitates*
25 *the renting of lodging to users by satisfying subparagraphs (1)*
26 *and (2) as follows:*

27 (1) The person directly or indirectly does any of the
28 following:

29 (a) Lists, makes available, or advertises lodging for rent
30 by a lessor in any forum.

31 (b) Transmits or otherwise communicates an offer or
32 acceptance between a lessor or user.

33 (c) Owns, rents, licenses, makes available, or operates any
34 electronic or physical infrastructure or any property, process,
35 method, copyright, trademark, or patent that connects lessors

1 and users to each other.

2 (d) Provides a platform or other marketplace for renting
3 lodging or otherwise facilitates the renting of lodging,
4 regardless of ownership or control of the lodging.

5 (e) Provides software development or research and
6 development activities related to any activity described in
7 this subparagraph (1), if such software development or research
8 and development activities are directly related to the physical
9 or electronic marketplace provided by a lodging facilitator.

10 (f) Provides or offers fulfillment or storage services for a
11 lessor.

12 (g) Sets prices for a lessor's rental of lodging.

13 (h) Provides or offers customer service to a lessor or
14 a lessor's customers, or accepts or assists with returns,
15 exchanges, cancellations, or rescheduling of the rental of
16 lodging by a lessor.

17 (2) The person directly or indirectly does any of the
18 following:

19 (a) Collects the sales price for the renting of the lodging.

20 (b) Provides payment processing services for the renting of
21 lodging.

22 (c) Charges, collects, or otherwise receives booking fees,
23 advertising revenues, or other consideration from the renting
24 of lodging or the facilitation of the renting of lodging,
25 regardless of ownership or control of the lodging.

26 (d) Through terms and conditions, agreements, or
27 arrangements with a third party, collects payment in connection
28 with a rental of lodging from a user and transmits that payment
29 to the lessor, regardless of whether the person collecting
30 and transmitting such payment receives compensation or other
31 consideration in exchange for the service.

32 (e) Provides a virtual currency that users are allowed or
33 required to use to rent lodging.

34 ~~d.~~ e. "Person" means the same as the term is defined in
35 section 423.1.

1 ~~e. f.~~ "Renting", "rental", or "rent" means a transfer of
2 possession or control of lodging for a fixed or indeterminate
3 term for consideration and includes any kind of direct or
4 indirect charge for such lodging or its use.

5 ~~f. g.~~ "Sales price" means ~~the consideration for renting of~~
6 ~~lodging and means the same as the term is defined in section~~
7 423.1 all direct or indirect consideration, including but
8 not limited to cash, credit, property, and services, paid in
9 connection with any charge of any description associated with
10 the renting of lodging or with communicating, negotiating,
11 reserving, booking, facilitating, or otherwise arranging to
12 rent lodging, including but not limited to booking fees,
13 reservation fees, service fees, cleaning fees, linen fees,
14 towel fees, and nonrefundable deposits. When determining "sales
15 price", no deduction shall be taken for any of the following:

16 (1) The lessor's cost of the property rented.

17 (2) The cost of materials used, labor or service cost,
18 interest, losses, all costs of transportation to the lessor,
19 all taxes imposed on the lessor, or any other expenses of the
20 lessor.

21 (3) Charges by the lessor for any services necessary to
22 complete the rental transaction.

23 ~~g. h.~~ "User" means a person to whom lodging is rented.

24 Sec. 178. NEW SECTION. 423A.3A Collection and remittance by
25 lodging facilitators — joint and several liability.

26 If a transaction for the rental of lodging involves both a
27 lodging facilitator and another lessor, all of the following
28 shall apply:

29 1. The lodging facilitator shall collect the state-imposed
30 tax under section 423A.3 and the locally imposed tax under
31 section 423A.4 on the entire sales price paid by the user,
32 regardless of the amount of the sales price that will
33 ultimately accrue to or benefit the lodging facilitator,
34 another lessor, or any other person.

35 2. The lodging facilitator and any other lessor involved

1 in the transaction shall be jointly and severally liable for
2 collecting and remitting the tax under sections 423A.3 and
3 423A.4.

4 Sec. 179. Section 423A.5, Code 2018, is amended to read as
5 follows:

6 **423A.5 Exemptions.**

7 ~~1.~~ There are exempted from the provisions of **this chapter**
8 and from the computation of any amount of tax imposed by
9 ~~section 423A.3~~ **this chapter** all of the following:

10 ~~a.~~ 1. The sales price from the renting of lodging which is
11 rented by the same person for a period of more than thirty-one
12 consecutive days.

13 ~~b.~~ 2. The sales price from the renting of sleeping rooms
14 in dormitories ~~and in memorial unions~~ at all universities and
15 colleges located in the state of Iowa.

16 ~~2.~~ ~~There is exempted from the provisions of **this chapter** and~~
17 ~~from the computation of any amount of tax imposed by section~~
18 ~~423A.4 all of the following:~~

19 ~~a.~~ ~~The sales price from the renting of lodging or rooms~~
20 ~~exempt under **subsection 1.**~~

21 ~~b.~~ 3. The sales price of lodging furnished to the guests of
22 a religious institution if the property is exempt under section
23 427.1, subsection 8, and the purpose of renting is to provide a
24 place for a religious retreat or function and not a place for
25 transient guests generally.

26 Sec. 180. Section 423A.6, subsection 4, Code 2018, is
27 amended to read as follows:

28 4. **Section 422.25, subsection 4, sections 422.30, 422.67,**
29 **and 422.68, section 422.69, subsection 1, sections 422.70,**
30 **422.71, 422.72, 422.74, and 422.75, section 423.14, subsection**
31 **1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,**
32 **423.35, 423.37 through 423.42, and 423.47, consistent with the**
33 **provisions of **this chapter**, apply with respect to the taxes**
34 **authorized under **this chapter**, in the same manner and with the**
35 **same effect as if the state and local hotel and motel taxes**

1 were retail sales taxes within the meaning of those statutes.
2 Notwithstanding this subsection, the director shall provide for
3 quarterly filing of returns and for other than quarterly filing
4 of returns both as prescribed in section 423.31. The director
5 may require all persons who are engaged in the business of
6 deriving any sales price subject to tax under this chapter to
7 register with the department. All taxes collected under this
8 chapter by a retailer, lessor, or any individual other person
9 are deemed to be held in trust for the state of Iowa and the
10 local jurisdictions imposing the taxes.

11 Sec. 181. Section 423C.2, subsection 3, Code 2018, is
12 amended to read as follows:

13 3. "Lessor" means a any of the following:

14 a. A person engaged in the business of renting automobiles
15 to users. "Lessor" includes a

16 b. A motor vehicle dealer licensed pursuant to chapter
17 322 who rents automobiles to users. For this purpose, the
18 objective of making a profit is not necessary to make the
19 renting activity a business.

20 c. A person who acquires a right to or interest in any
21 automobile with an intent to rent the automobile to another
22 person.

23 d. A person who actually or constructively rents
24 automobiles, regardless of who owns or controls the
25 automobiles.

26 e. A rental facilitator.

27 f. A retailer or retailer maintaining a place of business in
28 this state as defined in section 423.1, including those persons
29 who meet the requirements of section 423.14A, which retailer or
30 retailer maintaining a place of business in this state would be
31 responsible for collection and payment of the automobile rental
32 excise tax if it were a sales or use tax under chapter 423.

33 Sec. 182. Section 423C.2, Code 2018, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 06. "Rental facilitator" means any person

1 who facilitates the renting of an automobile to users by
2 satisfying paragraphs "a" and "b" as follows:

3 a. The person directly or indirectly does any of the
4 following:

5 (1) Lists, makes available, or advertises automobiles for
6 rent by a lessor in any forum.

7 (2) Transmits or otherwise communicates an offer or
8 acceptance between a lessor or user.

9 (3) Owns, rents, licenses, makes available, or operates any
10 electronic or physical infrastructure or any property, process,
11 method, copyright, trademark, or patent that connects lessors
12 and users to each other.

13 (4) Provides a platform or other marketplace for
14 renting automobiles or otherwise facilitates the renting
15 of automobiles, regardless of ownership or control of the
16 automobile.

17 (5) Provides software development or research and
18 development activities related to any activity described in
19 this paragraph "a", if such software development or research and
20 development activities are directly related to the physical or
21 electronic marketplace provided by a rental facilitator.

22 (6) Provides or offers fulfillment or storage services for a
23 lessor.

24 (7) Sets prices for a lessor's rental of automobiles.

25 (8) Provides or offers customer service to a lessor or
26 a lessor's customers, or accepts or assists with returns,
27 exchanges, cancellations, or rescheduling of the rental of
28 automobiles by a lessor.

29 b. The person directly or indirectly does any of the
30 following:

31 (1) Collects the rental price for the renting of an
32 automobile.

33 (2) Provides payment processing services for the renting of
34 an automobile.

35 (3) Charges, collects, or otherwise receives booking

1 fees, advertising revenues, or other consideration from the
2 renting of an automobile or the facilitation of the renting
3 of an automobile, regardless of ownership or control of the
4 automobile.

5 (4) Through terms and conditions, agreements, or
6 arrangements with a third party, collects payment in connection
7 with a rental of automobiles from a user and transmits that
8 payment to the lessor, regardless of whether the person
9 collecting and transmitting such payment receives compensation
10 or other consideration in exchange for the service.

11 (5) Provides a virtual currency that users are allowed or
12 required to use to rent automobiles.

13 Sec. 183. Section 423C.2, subsection 6, Code 2018, is
14 amended by striking the subsection and inserting in lieu
15 thereof the following:

16 6. "*Rental price*" means all direct or indirect
17 consideration, including but not limited to cash, credit,
18 property, and services, paid in connection with any charge of
19 any description associated with the renting of an automobile
20 or with communicating, negotiating, reserving, booking,
21 facilitating, or otherwise arranging to rent an automobile,
22 including but not limited to booking fees, reservation fees,
23 service fees, and nonrefundable deposits. When determining
24 "*rental price*", no deduction shall be taken for any of the
25 following:

26 a. The lessor's cost of the property rented.

27 b. The cost of materials used, labor or service cost,
28 interest, losses, all costs of transportation to the lessor,
29 all taxes imposed on the lessor, or any other expenses of the
30 lessor.

31 c. Charges by the lessor for any services necessary to
32 complete the rental transaction.

33 Sec. 184. NEW SECTION. 423C.3A Collection and remittance by
34 rental facilitators — joint and several liability.

35 If a transaction for the rental of an automobile involves

1 both a rental facilitator and another lessor, all of the
2 following shall apply:

3 1. The rental facilitator shall collect the tax under
4 section 423C.3 on the entire rental price paid by the user,
5 regardless of the amount of the rental price that will
6 ultimately accrue to or benefit the rental facilitator, another
7 lessor, or any other person.

8 2. The rental facilitator and any other lessor involved
9 in the transaction shall be jointly and severally liable for
10 collecting and remitting the tax under section 423C.3.

11 Sec. 185. LEGISLATIVE INTENT. It is the intent of the
12 general assembly that the provision of this division of this
13 Act amending the definition of "lodging" in section 423A.2,
14 subsection 1, paragraph "c", is a conforming amendment
15 consistent with current state law, and that the amendment
16 does not change the application of current law but instead
17 reflects current law both before and after the enactment of
18 this division of this Act.

19 Sec. 186. EFFECTIVE DATE.

20 1. Except as provided in subsection 2, this division of this
21 Act takes effect January 1, 2019.

22 2. The following take effect July 1, 2018:

23 a. The provision amending the definition of "lodging" in the
24 section of this division of this Act amending section 423A.2,
25 subsection 1, paragraph "c".

26 b. The section of this division of this Act entitled
27 "legislative intent" which describes the intent of the general
28 assembly with respect to the amendment in this division of
29 this Act to the definition of "lodging" in section 423A.2,
30 subsection 1, paragraph "c".

31 <DIVISION VIII

32 MISCELLANEOUS TAX PROVISIONS

33 Sec. 187. NEW SECTION. 421.71 Class actions — implied
34 right of action — private cause of action immunity.

35 1. *Class actions prohibited.* No class action may be brought

1 against the department, a taxpayer, or a person required to
2 collect any tax imposed under this title, in any court, agency,
3 or other adjudicative body, or in any other forum, based on
4 any act or omission arising from or related to any provision
5 of this title.

6 2. *No implied right of action.* Nothing in this Title shall
7 be construed as creating or providing an implied private right
8 of action or any private common law claim against any taxpayer,
9 or against any person required to collect any tax imposed under
10 this Title, in any court, agency, or other adjudicative body,
11 or in any other forum. This subsection shall not apply to or
12 otherwise limit any claim, action, mandate, power, remedy, or
13 discretion of the department, or an agent or designee of the
14 department.

15 3. *Private cause of action immunity for overpayment of*
16 *certain taxes.*

17 a. A taxpayer, or any person required to collect taxes
18 imposed under chapters 423, 423A, 423B, 423C, and 423D, and
19 chapter 423G, as enacted in 2018 Iowa Acts, Senate File 512,
20 shall be immune from any private cause of action arising from
21 or related to the overpayment of taxes imposed under chapters
22 423, 423A, 423B, 423C, and 423D, and chapter 423G, as enacted
23 in 2018 Iowa Acts, Senate File 512, that are collected and
24 remitted to the department.

25 b. Nothing in this subsection shall apply to or otherwise
26 limit any of the following:

27 (1) Any claim, action, mandate, power, remedy, or
28 discretion of the department, or an agent or designee of the
29 department.

30 (2) A taxpayer's right to seek a refund from the department
31 related to taxes imposed under chapters 423, 423A, 423B,
32 423C, and 423D, and chapter 423G, as enacted in 2018 Iowa
33 Acts, Senate File 512, that are collected from or paid by the
34 taxpayer.

35 Sec. 188. **EFFECTIVE DATE.** This division of this Act, being

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1 deemed of immediate importance, takes effect upon enactment.>