

**House File 2641 - Reprinted**

HOUSE FILE 2641

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 696)

(As Amended and Passed by the House June 11, 2020)

**A BILL FOR**

1 An Act relating to state taxation and related laws of the  
2 state, including the administration by the department of  
3 revenue of certain tax credits and refunds, income taxes,  
4 moneys and credits taxes, sales and use taxes, partnership  
5 and pass-through entity audits, and by modifying provisions  
6 relating to the reinstatement of business entities, the  
7 assessment and valuation of property, the Iowa reinvestment  
8 Act, port authorities, and animals and food, and providing  
9 penalties, and including effective date and retroactive  
10 applicability provisions.

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

DIVISION I

DEPARTMENT OF REVENUE ADMINISTRATION AND PENALTY PROVISIONS

Section 1. Section 421.6, Code 2020, is amended to read as follows:

**421.6 Definition of return.**

For purposes of *this title*, unless the context otherwise requires, "return" means any tax or information return, amended return, declaration of estimated tax, or claim for refund that is required by, provided for, or permitted under, the provisions of *this title* or section 533.329, and which is filed with the department by, on behalf of, or with respect to any person. "Return" includes any amendment or supplement to these items, including supporting schedules, attachments, or lists which are supplemental to or part of the filed return.

Sec. 2. Section 421.17, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 36. To enter into an agreement pursuant to chapter 28E with the state fair organized under chapter 173 or with a fair defined in section 174.1, to collect and remit taxes and fees from sellers making sales at retail on property owned, controlled, or operated by a fair or through events conducted by a fair.

Sec. 3. Section 421.27, subsection 1, Code 2020, is amended to read as follows:

1. *Failure to timely file a return or deposit form.*

a. If a person fails to file with the department on or before the due date a return or deposit form there shall be added to the tax shown due or required to be shown due a penalty of ten percent of the tax shown due or required to be shown due.

b. In the case of a specified business with no tax shown due or required to be shown due that fails to timely file an income return, the specified business shall pay the greater of the following penalty amounts:

(1) Two hundred dollars.

(2) An amount equal to ten percent of the imputed Iowa

1 liability of the specified business, not to exceed twenty-five  
2 thousand dollars.

3 c. The penalty, if assessed pursuant to paragraph "a" or  
4 "b", shall be waived by the department upon a showing of any of  
5 the following conditions:

6 ~~a.~~ (1) At An amount of tax greater than zero is required to  
7 be shown due and at least ninety percent of the tax required to  
8 be shown due has been paid by the due date of the tax.

9 ~~b.~~ (2) Those taxpayers who are required to file quarterly  
10 returns, or monthly or semimonthly deposit forms may have one  
11 late return or deposit form within a three-year period. The  
12 use of any other penalty exception will not count as a late  
13 return or deposit form for purposes of this exception.

14 ~~c.~~ (3) The death of a taxpayer, death of a member of  
15 the immediate family of the taxpayer, or death of the person  
16 directly responsible for filing the return and paying the tax,  
17 when the death interferes with timely filing.

18 ~~d.~~ (4) The onset of serious, long-term illness or  
19 hospitalization of the taxpayer, of a member of the immediate  
20 family of the taxpayer, or of the person directly responsible  
21 for filing the return and paying the tax.

22 ~~e.~~ (5) Destruction of records by fire, flood, or other act  
23 of God.

24 ~~f.~~ (6) The taxpayer presents proof that the taxpayer  
25 relied upon applicable, documented, written advice specifically  
26 made to the taxpayer, to the taxpayer's preparer, or to an  
27 association representative of the taxpayer from the department,  
28 state department of transportation, county treasurer, or  
29 federal internal revenue service, whichever is appropriate,  
30 that has not been superseded by a court decision, ruling by a  
31 quasi-judicial body, or the adoption, amendment, or repeal of  
32 a rule or law.

33 ~~g.~~ (7) Reliance upon results in a previous audit was a  
34 direct cause for the failure to file where the previous audit  
35 expressly and clearly addressed the issue and the previous

1 audit results have not been superseded by a court decision, or  
2 the adoption, amendment, or repeal of a rule or law.

3 ~~h.~~ (8) Under rules prescribed by the director, the taxpayer  
4 presents documented proof of substantial authority to rely  
5 upon a particular position or upon proof that all facts and  
6 circumstances are disclosed on a return or deposit form.

7 ~~i.~~ (9) The return, deposit form, or payment is timely,  
8 but erroneously, mailed with adequate postage to the internal  
9 revenue service, another state agency, or a local government  
10 agency and the taxpayer provides proof of timely mailing with  
11 adequate postage.

12 ~~j.~~ (10) The tax has been paid by the wrong licensee and the  
13 payments were timely remitted to the department for one or more  
14 tax periods prior to notification by the department.

15 ~~k.~~ (11) The failure to file was discovered through a  
16 sanctioned self-audit program conducted by the department.

17 ~~l.~~ (12) If the availability of funds in payment of tax  
18 required to be made through electronic funds transfer is  
19 delayed and the delay of availability is due to reasons beyond  
20 the control of the taxpayer. *"Electronic funds transfer"* means  
21 any transfer of funds, other than a transaction originated  
22 by check, draft, or similar paper instrument, that is  
23 initiated through an electronic terminal telephone, computer,  
24 magnetic tape, or similar device for the purpose of ordering,  
25 instructing, or authorizing a financial institution to debit or  
26 credit an account.

27 ~~m.~~ (13) The failure to file a timely inheritance tax return  
28 resulting solely from a disclaimer that required the personal  
29 representative to file an inheritance tax return. The penalty  
30 shall be waived if such return is filed and any tax due is paid  
31 within the later of nine months from the date of death or sixty  
32 days from the delivery or filing of the disclaimer pursuant to  
33 section 633E.12.

34 ~~n.~~ (14) That an Iowa inheritance tax return is filed for  
35 an estate within the later of nine months from the date of

1 death or sixty days from the filing of a disclaimer by the  
2 beneficiary of the estate refusing to take the property or  
3 right or interest in the property.

4 Sec. 4. Section 421.27, subsections 4 and 6, Code 2020, are  
5 amended to read as follows:

6 4. *Willful failure to file or deposit.*

7 a. (1) In case of willful failure to file a return  
8 or deposit form with the intent to evade tax or a filing  
9 requirement, or in case of willfully filing a false return  
10 or deposit form with the intent to evade tax, in lieu of the  
11 penalties otherwise provided in this section, a penalty of  
12 seventy-five percent shall be added to the amount shown due or  
13 required to be shown as tax on the return or deposit form.

14 (2) In case of a willful failure by a specified business to  
15 file an income return with no tax shown due or required to be  
16 shown due with intent to evade a filing requirement, or in case  
17 of willfully filing a false income return with no tax shown due  
18 or required to be shown due with the intent to evade reporting  
19 of Iowa-source income, the penalty imposed shall be the greater  
20 of the following amounts:

21 (a) One thousand five hundred dollars.

22 (b) An amount equal to seventy-five percent of the imputed  
23 Iowa liability of the specified business.

24 (3) If penalties are applicable for failure to file a  
25 return or deposit form and failure to pay the tax shown due or  
26 required to be shown due on the return or deposit form, the  
27 penalty provision for failure to file shall be in lieu of the  
28 penalty provisions for failure to pay the tax shown due or  
29 required to be shown due on the return or deposit form, except  
30 in the case of willful failure to file a return or deposit form  
31 or willfully filing a false return or deposit form with intent  
32 to evade tax.

33 b. The penalties imposed under this subsection are not  
34 subject to waiver.

35 6. ~~*Improper receipt of payments*~~ Liability — fraudulent

1 practice. A person who makes an erroneous application for  
2 refund, credit, reimbursement, rebate, or other payment shall  
3 be liable for any overpayment received or tax liability reduced  
4 plus interest at the rate in effect under [section 421.7](#).

5 a. In addition, a person ~~who willfully~~ commits a fraudulent  
6 practice and is liable for a penalty equal to seventy-five  
7 percent of the refund, credit, exemption, reimbursement,  
8 rebate, or other payment or benefit being claimed if the person  
9 does any of the following:

10 (1) Willfully makes a false or frivolous application for  
11 refund, credit, exemption, reimbursement, rebate, or other  
12 payment or benefit with intent to evade tax or with intent to  
13 receive a refund, credit, exemption, reimbursement, rebate,  
14 or other payment or benefit, to which the person is not  
15 entitled ~~is guilty of a fraudulent practice and is liable for a~~  
16 ~~penalty equal to seventy-five percent of the refund, credit,~~  
17 ~~reimbursement, rebate, or other payment being claimed.~~

18 (2) Willfully submits any false information, document,  
19 or document containing false information in support of an  
20 application for refund, credit, exemption, reimbursement,  
21 rebate, or other payment or benefit with the intent to evade  
22 tax.

23 (3) Willfully submits with any false information, document,  
24 or document containing false information in support of an  
25 application for refund with the intent to receive a refund,  
26 credit, exemption, reimbursement, rebate, or other payment  
27 benefit, to which the person is not entitled.

28 b. Payments, penalties, and interest due under this  
29 subsection may be collected and enforced in the same manner as  
30 the tax imposed.

31 Sec. 5. Section 421.27, Code 2020, is amended by adding the  
32 following new subsections:

33 NEW SUBSECTION. 8. *Definitions.* As used in this section:

34 a. "Imputed Iowa liability" means any of the following:

35 (1) In the case of corporations other than corporations

1 described in section 422.34 or section 422.36, subsection 5,  
2 the corporation's Iowa net income after the application of the  
3 Iowa business activity ratio, if applicable, multiplied by the  
4 top income tax rate imposed under section 422.33 for the tax  
5 year.

6 (2) In the case of financial institutions as defined in  
7 section 422.61, the financial institution's Iowa net income  
8 after the application of the Iowa business activity ratio, if  
9 applicable, multiplied by the franchise tax rate imposed under  
10 section 422.63 for the tax year.

11 (3) In this case of all other entities, including  
12 corporations described in section 422.36, subsection 5, and all  
13 other entities required to file an information return under  
14 section 422.15, subsection 2, the entity's Iowa net income  
15 after the application of the Iowa business activity ratio, if  
16 applicable, multiplied by the top income tax rate imposed under  
17 section 422.5A for the tax year.

18 *b. "Income return"* means an income tax return or information  
19 return required under section 422.15, subsection 2, or section  
20 422.36, 422.37, or 422.62.

21 *c. "Specified business"* means a partnership or other entity  
22 required to file an information return under section 422.15,  
23 subsection 2, a corporation required to file a return under  
24 section 422.36 or 422.37, or a financial institution required  
25 to file a return under section 422.62.

26 NEW SUBSECTION. 9. *Additional penalty.* In addition to the  
27 penalties imposed by this section, if a taxpayer fails to file  
28 a return within ninety days of written notice by the department  
29 that the taxpayer is required to do so, there shall be added to  
30 the amount shown due or required to be shown due a penalty in  
31 the amount of one thousand dollars.

32 Sec. 6. NEW SECTION. 421.27A **Perjury.**

33 1. For purposes of this title, a form, application, or any  
34 other documentation required or requested by the department  
35 shall be required to be certified under penalty of perjury that

1 the information contained in the form, application, or other  
2 documentation is true and correct.

3 2. A person commits a class "D" felony under any of the  
4 following circumstances:

5 a. The person makes a form, application, or other document  
6 containing false information in support of an application for  
7 refund, credit, exemption, reimbursement, rebate, or other  
8 payment or benefit with intent to evade tax.

9 b. The person makes a form, application, or other document  
10 containing false information with intent to unlawfully receive  
11 a refund, credit, exemption, reimbursement, rebate, or other  
12 payment or benefit, to which the person is not entitled.

13 c. The person knowingly makes any false affidavit.

14 d. The person knowingly swears or affirms falsely to any  
15 matter or thing required by the terms of this title to be sworn  
16 to or affirmed.

17 Sec. 7. NEW SECTION. 421.59 Power of attorney — authority  
18 to act on behalf of taxpayer.

19 1. a. A taxpayer may authorize an individual to act on  
20 behalf of the taxpayer by filing a power of attorney with the  
21 department, on a form prescribed by the department.

22 b. A taxpayer may at any time revoke a power of attorney  
23 filed with the department pursuant to subsection 1. Upon  
24 processing of the taxpayer's revocation of a power of attorney,  
25 the department shall cease honoring the power of attorney.

26 2. The department may authorize the following persons to act  
27 and receive information on behalf of and exercise all of the  
28 rights of a taxpayer, regardless of whether a power of attorney  
29 has been filed pursuant to subsection 1:

30 a. A guardian, conservator, or custodian appointed by a  
31 court, if a taxpayer has been deemed legally incompetent by a  
32 court. The authority of the appointee to act on behalf of the  
33 taxpayer shall be limited to the extent specifically stated in  
34 the order of appointment.

35 (1) Upon request, a guardian, conservator, or custodian of



1 a taxpayer shall submit to the department a copy of the court  
2 order appointing the guardian, conservator, or custodian.

3 (2) The department may petition the court that appointed the  
4 guardian, conservator, or custodian to verify the appointment  
5 or to determine the scope of the appointment.

6 *b.* A receiver appointed pursuant to chapter 680. An  
7 appointed receiver shall be limited to act on behalf of the  
8 taxpayer by the authority stated in the order of appointment.

9 (1) Upon the request of the department, a receiver shall  
10 submit to the department a copy of the court order appointing  
11 the receiver.

12 (2) The department may petition the court that appointed the  
13 receiver to verify the appointment or to determine the scope  
14 of the appointment.

15 *c.* An individual who has been named as an authorized  
16 representative on a fiduciary return of income filed under  
17 section 422.14 or a tax return filed under chapter 450.

18 *d.* (1) An individual holding the following title or  
19 position within a corporation, association, partnership, or  
20 other business entity:

21 (a) A president or chief executive officer, or any other  
22 officer of the corporation or association if the president or  
23 chief executive officer certifies that the officer has the  
24 authority to legally bind the corporation or association.

25 (b) A designated partner duly authorized to act on behalf  
26 of the partnership.

27 (c) A person authorized to act on behalf of a limited  
28 liability company in tax matters pursuant to a valid statement  
29 of authority.

30 (2) An individual seeking to act on behalf of a taxpayer  
31 pursuant to this paragraph shall file an affidavit with the  
32 department attesting to the identity and qualifications of the  
33 individual and any necessary certifications required under this  
34 paragraph. The department may require any documents or other  
35 evidence to demonstrate the individual has authority to act on

1 behalf of the taxpayer before the department.

2 *e.* A licensed attorney who has appeared on behalf of the  
3 taxpayer or the taxpayer's estate in a court proceeding.  
4 Authorization under this paragraph is limited to those matters  
5 within the scope of the representation.

6 *f.* A parent or guardian of a taxpayer who has not reached  
7 the age of majority where the parent or guardian has signed the  
8 taxpayer's return on behalf of the taxpayer. Authorization  
9 under this paragraph is limited to those matters relating to  
10 the return signed by the parent or guardian. Authorization  
11 under this paragraph automatically terminates when the taxpayer  
12 reaches the age of majority pursuant to section 599.1.

13 3. *a.* In lieu of executing a power of attorney pursuant  
14 to subsection 1, the department may enter into a memorandum of  
15 understanding with the taxpayer for each employee, officer,  
16 or member of a third-party entity engaged with or otherwise  
17 hired by a taxpayer to manage the tax matters of the taxpayer,  
18 to permit the disclosure of confidential tax information to  
19 the third-party entity and the authority to act on behalf of  
20 the taxpayer. The memorandum of understanding shall adhere to  
21 requirements as established by the director.

22 *b.* The memorandum of understanding shall be signed by  
23 the director, the taxpayer, and the third-party entity or an  
24 authorized representative of the third-party entity.

25 *c.* At any time, a taxpayer may unilaterally revoke  
26 a memorandum of understanding entered into pursuant to  
27 this subsection by filing a notice of revocation with the  
28 department. Upon the filing of such a revocation by the  
29 taxpayer, the department shall cease honoring the memorandum  
30 of understanding.

31 4. The department shall adopt rules pursuant to chapter 17A  
32 to administer this section.

33 Sec. 8. Section 421.60, subsection 2, paragraph a,  
34 subparagraph (2), Code 2020, is amended to read as follows:

35 (2) The statement prepared in accordance with this

1 paragraph shall be available on the department's internet site.  
2 The internet site for this information shall be distributed by  
3 the department to all taxpayers at the first contact by the  
4 department with respect to the determination or collection of  
5 any tax, except in the case of simply providing tax forms.

6 Sec. 9. Section 421.60, Code 2020, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 11. *Electronic communication.*

9 Notwithstanding any provision of the law to the contrary, for  
10 purposes of this title and sections 321.105A and 533.329, a  
11 taxpayer may elect to receive any notices, correspondence,  
12 or other communication electronically that the department is  
13 required to send by regular mail. The director may establish  
14 procedures and limitations for obtaining this election from the  
15 taxpayer.

16 Sec. 10. Section 421.62, subsection 1, Code 2020, is amended  
17 by adding the following new paragraph:

18 NEW PARAGRAPH. *Ob.* "Income tax return or claim for refund"  
19 means any tax return or claim for refund under chapter 422,  
20 excluding withholding returns under section 422.16.

21 Sec. 11. Section 421.62, subsection 1, paragraph c,  
22 subparagraph (1), Code 2020, is amended to read as follows:

23 (1) "Tax return preparer" means any individual who, for  
24 a fee or other consideration, prepares ten or more income  
25 tax returns or claims for refund under ~~chapter 422~~ during  
26 a calendar year, or who assumes final responsibility for  
27 completed work on such income tax returns or claims for refund  
28 under ~~chapter 422~~ on which preliminary work has been done by  
29 another individual.

30 Sec. 12. Section 421.62, subsection 2, paragraph a, Code  
31 2020, is amended to read as follows:

32 a. On or after January 1, 2020, a tax return preparer  
33 is required to include the tax return preparer's PTIN on  
34 any income tax return or claim for refund prepared by the  
35 tax return preparer and filed under ~~chapter 422~~ with the

1 department.

2     Sec. 13. Section 421.64, subsection 1, Code 2020, is amended  
3 to read as follows:

4     1. For purposes of [this section](#), "*tax return preparer*" means  
5 the same as defined in [section ~~421.61~~ 421.62](#).

6     Sec. 14. Section 422.20, subsections 1 and 2, Code 2020, are  
7 amended to read as follows:

8     1. It shall be unlawful for any present or former officer  
9 or employee of the state to willfully or recklessly divulge or  
10 to make known in any manner whatever not provided by law to  
11 any person the amount or source of income, profits, losses,  
12 expenditures, or any particular thereof, set forth or disclosed  
13 in any income return, or to permit any income return or copy  
14 thereof or any book containing any abstract or particulars  
15 thereof to be seen or examined by any person except as provided  
16 by law; and it shall be unlawful for any person to willfully or  
17 recklessly print or publish in any manner whatever not provided  
18 by law any income return, or any part thereof or source of  
19 income, profits, losses, or expenditures appearing in any  
20 income return; and any person committing an offense against the  
21 foregoing provision shall be guilty of a serious misdemeanor.  
22 If the offender is an officer or employee of the state, such  
23 person shall also be dismissed from office or discharged from  
24 employment. Nothing herein shall prohibit turning over to duly  
25 authorized officers of the United States or tax officials of  
26 other states state information and income returns pursuant  
27 to agreement between the director and the secretary of the  
28 treasury of the United States or the secretary's delegate or  
29 pursuant to a reciprocal agreement with another state.

30     2. It is unlawful for an officer, employee, or agent, or  
31 former officer, employee, or agent of the state to willfully  
32 or recklessly disclose to any person, except as authorized  
33 in [subsection 1](#) of [this section](#), any federal tax return  
34 or return information as defined in section 6103(b) of the  
35 Internal Revenue Code. It is unlawful for a person to whom

1 any federal tax return or return information, as defined in  
2 section 6103(b) of the Internal Revenue Code, is disclosed  
3 in a manner unauthorized by [subsection 1](#) of [this section](#)  
4 to thereafter willfully or recklessly print or publish in  
5 any manner not provided by law any such return or return  
6 information. A person violating this provision is guilty of  
7 a serious misdemeanor.

8 Sec. 15. Section 422.20, subsection 3, paragraph a, Code  
9 2020, is amended to read as follows:

10 a. Unless otherwise expressly permitted by [section 8A.504](#),  
11 [section 8G.4](#), [section 11.41](#), [section 96.11](#), [subsection 6](#),  
12 [section 421.17](#), subsections 22, 23, and 26, [section 421.17](#),  
13 [subsection 27](#), paragraph "k", [section 421.17](#), [subsection 31](#),  
14 [section 252B.9](#), [section 321.40](#), [subsection 6](#), [sections 321.120](#),  
15 [421.19](#), [421.28](#), [421.59](#), [422.72](#), and [452A.63](#), [this section](#), or  
16 another provision of law, a tax return, return information, or  
17 investigative or audit information shall not be divulged to any  
18 person or entity, other than the taxpayer, the department, or  
19 internal revenue service for use in a matter unrelated to tax  
20 administration.

21 Sec. 16. Section 422.20, Code 2020, is amended by adding the  
22 following new subsections:

23 NEW SUBSECTION. 3A. The director may disclose the tax  
24 return of a partnership, limited liability company, or S  
25 corporation, any such return information, or any investigative  
26 information related to the return, to any person who was a  
27 partner, shareholder, or member of such an entity during any  
28 part of the period covered by the return.

29 NEW SUBSECTION. 3B. a. Prior to being made available for  
30 public inspection, the department shall redact from the record  
31 in an appeal or contested case the following information from  
32 any pleading, exhibit, attachment, motion, written evidence,  
33 final order, decision, or opinion:

34 (1) A financial account number.

35 (2) An account number generated by the department to

1 identify an audit or examination.

2 (3) A social security number.

3 (4) A federal employer identification number.

4 (5) The name of a minor.

5 (6) A medical record or other medical information.

6 *b.* Upon a motion filed by the taxpayer, the department  
7 may redact from the record in an appeal or contested case any  
8 other information from a pleading, exhibit, attachment, motion,  
9 or written evidence, if the taxpayer proves by clear and  
10 convincing evidence that the release of such information would  
11 disclose a trade secret or be a clear, unwarranted invasion of  
12 personal privacy.

13 *c.* Notwithstanding paragraph "a", when making final orders,  
14 decisions, or opinions available for public inspection, the  
15 department may disclose the items in paragraph "a" if the  
16 department determines such information is necessary to the  
17 resolution or decision of the appeal or case.

18 *d.* Except as described in paragraphs "a" and "b", all  
19 information contained in a pleading, exhibit, attachment,  
20 motion, written evidence, final order, decision, opinion,  
21 and the record in an appeal or contested case is subject to  
22 examination to the extent provided by chapter 22.

23 Sec. 17. Section 422.25, subsection 1, Code 2020, is amended  
24 by adding the following new paragraph:

25 NEW PARAGRAPH. *c.* The period of examination and  
26 determination is unlimited under this title in the case of  
27 any action by the department to recover or rescind any tax  
28 expenditure as defined by section 2.48, subsection 1, or any  
29 other incentive or assistance, due to a failure to meet or  
30 maintain the requirements of a program administered by the  
31 economic development authority.

32 Sec. 18. Section 422.69, subsection 1, Code 2020, is amended  
33 to read as follows:

34 1. All fees, taxes, interest, and penalties imposed under  
35 this chapter shall be paid to the department in the form of

1 remittances payable to the ~~state treasurer~~ department and the  
2 department shall transmit each payment daily to the state  
3 treasurer.

4 Sec. 19. Section 422.72, subsection 1, paragraph a,  
5 subparagraph (1), Code 2020, is amended to read as follows:

6 (1) It is unlawful for the director, or any person having  
7 an administrative duty under this chapter, or any present or  
8 former officer or other employee of the state authorized by the  
9 director to examine returns, to willfully or recklessly divulge  
10 in any manner whatever, the business affairs, operations, or  
11 information obtained by an investigation under this chapter of  
12 records and equipment of any person visited or examined in the  
13 discharge of official duty, or the amount or source of income,  
14 profits, losses, expenditures or any particular thereof, set  
15 forth or disclosed in any return, or to willfully or recklessly  
16 permit any return or copy of a return or any book containing  
17 any abstract or particulars thereof to be seen or examined by  
18 any person except as provided by law.

19 Sec. 20. Section 422.72, Code 2020, is amended by adding the  
20 following new subsection:

21 NEW SUBSECTION. 7A. a. Prior to being made available for  
22 public inspection, the department shall redact from the record  
23 in an appeal or contested case the following information from  
24 any pleading, exhibit, attachment, motion, written evidence,  
25 final order, decision, or opinion:

26 (1) A financial account number.

27 (2) An account number generated by the department to  
28 identify an audit or examination.

29 (3) A social security number.

30 (4) A federal employer identification number.

31 (5) The name of a minor.

32 (6) A medical record or other medical information.

33 b. Upon a motion filed by the taxpayer, the department  
34 may redact from the record in an appeal or contested case any  
35 other information from a pleading, exhibit, attachment, motion,

1 or written evidence, if the taxpayer proves by clear and  
2 convincing evidence that the release of such information would  
3 disclose a trade secret or be a clear, unwarranted invasion of  
4 personal privacy.

5 *c.* Notwithstanding paragraph "a", when making final orders,  
6 decisions, or opinions available for public inspection, the  
7 department may disclose the items in paragraph "a" if the  
8 department determines such information is necessary to the  
9 resolution or decision of the appeal or case.

10 *d.* Except as described in paragraphs "a" and "b", all  
11 information contained in a pleading, exhibit, attachment,  
12 motion, written evidence, final order, decision, opinion,  
13 and the record in an appeal or contested case is subject to  
14 examination to the extent provided by chapter 22.

15 Sec. 21. Section 423.37, Code 2020, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 4. The period of limitation on examination  
18 and determination is unlimited under this title in the case  
19 of any action by the department to recover or rescind any tax  
20 expenditure as defined by section 2.48, subsection 1, or any  
21 other incentive or assistance, due to a failure to meet or  
22 maintain the requirements of a program administered by the  
23 economic development authority.

24 Sec. 22. Section 428A.1, subsection 3, Code 2020, is amended  
25 to read as follows:

26 3. The declaration of value shall state the full  
27 consideration paid for the real property transferred. If  
28 agricultural land, as defined in [section 9H.1](#), is purchased by  
29 a corporation, limited partnership, trust, alien or nonresident  
30 alien, the declaration of value shall include the name and  
31 address of the buyer, the name and address of the seller, a  
32 legal description of the agricultural land, and identify the  
33 buyer as a corporation, limited partnership, trust, alien, or  
34 nonresident alien. The county recorder shall not record the  
35 declaration of value, but shall enter on the declaration of



1 value information the director of revenue requires for the  
2 production of the sales/assessment ratio study and transmit  
3 all declarations of value to the city or county assessor in  
4 whose jurisdiction the property is located. The city or county  
5 assessor shall ~~enter on the declaration of value~~ provide the  
6 information the director of revenue requires for the production  
7 of the sales/assessment ratio study ~~and transmit one copy of~~  
8 ~~each declaration of value to the director of revenue,~~ at times  
9 as directed by the director of revenue. The assessor shall  
10 retain ~~one copy of each declaration of value~~ for three years  
11 from December 31 of the year in which the transfer of realty  
12 for which the declaration was filed took place. The director  
13 of revenue shall, upon receipt of the information required to  
14 be filed under [this chapter](#) by the city or county assessor,  
15 send to the office of the secretary of state that part of the  
16 declaration of value which identifies a corporation, limited  
17 partnership, trust, alien, or nonresident alien as a purchaser  
18 of agricultural land as defined in [section 9H.1](#).

19 Sec. 23. Section 441.48, Code 2020, is amended to read as  
20 follows:

21 **441.48 Notice of adjustment.**

22 1. Before the department of revenue shall adjust the  
23 valuation of any class of property any such percentage, the  
24 department shall first serve ten days' notice by mail, on the  
25 county auditor of the county whose valuation is proposed to be  
26 adjusted. ~~The department shall hold an adjourned meeting after~~  
27 ~~such~~

28 2. If the county or assessing jurisdiction intends to  
29 protest the proposed adjustment, the board of supervisors or  
30 city council, as applicable, shall provide the department with  
31 notice of intent to protest prior to expiration of the ten  
32 days' notice.

33 3. After expiration of the ten days' notice, at which time  
34 the county or assessing jurisdiction may appear by its city  
35 council or board of supervisors, city or county attorney, and

1 ~~other assessing jurisdiction, or~~ city or county officials, and  
2 make written or oral protest against such proposed adjustment.

3 4. The protest shall consist simply of a statement of the  
4 error, or errors, complained of with such facts as may lead to  
5 their correction. ~~At the adjourned meeting~~

6 5. After written protest is received, or an oral protest  
7 is heard, the final action may be taken in reference to the  
8 proposed adjustment.

9 Sec. 24. Section 489.706, subsection 2, Code 2020, is  
10 amended to read as follows:

11 2. The secretary of state shall refer the federal tax  
12 identification number contained in the application for  
13 reinstatement to the ~~departments~~ department of revenue and  
14 workforce development. The ~~departments~~ department of revenue  
15 and workforce development shall report to the secretary of  
16 state the tax status of the limited liability company. If  
17 ~~either~~ the department reports to the secretary of state that  
18 a filing delinquency or liability exists against the limited  
19 liability company, the secretary of state shall not cancel the  
20 declaration of dissolution until the filing delinquency or  
21 liability is satisfied.

22 Sec. 25. Section 490.1422, subsection 2, paragraph a, Code  
23 2020, is amended to read as follows:

24 a. The secretary of state shall refer the federal tax  
25 identification number contained in the application for  
26 reinstatement to the ~~departments~~ department of revenue and  
27 workforce development. The ~~departments~~ department of revenue  
28 and workforce development shall report to the secretary  
29 of state the tax status of the corporation. If ~~either~~ the  
30 department reports to the secretary of state that a filing  
31 delinquency or liability exists against the corporation,  
32 the secretary of state shall not cancel the certificate of  
33 dissolution until the filing delinquency or liability is  
34 satisfied.

35 Sec. 26. Section 501.813, subsection 2, paragraph a, Code

1 2020, is amended to read as follows:

2     a. The secretary of state shall refer the federal tax  
3 identification number contained in the application for  
4 reinstatement to the ~~departments~~ department of revenue and  
5 workforce development. The ~~departments~~ department of revenue  
6 and workforce development shall report to the secretary  
7 of state the tax status of the cooperative. If either the  
8 department reports to the secretary of state that a filing  
9 delinquency or liability exists against the cooperative,  
10 the secretary of state shall not cancel the certificate of  
11 dissolution until the filing delinquency or liability is  
12 satisfied.

13     Sec. 27. Section 504.1423, subsection 2, paragraph a, Code  
14 2020, is amended to read as follows:

15     a. The secretary of state shall refer the federal tax  
16 identification number contained in the application for  
17 reinstatement to the ~~departments~~ department of revenue and  
18 workforce development. The ~~departments~~ department of revenue  
19 and workforce development shall report to the secretary  
20 of state the tax status of the corporation. If either the  
21 department reports to the secretary of state that a filing  
22 delinquency or liability exists against the corporation,  
23 the secretary of state shall not cancel the certificate of  
24 dissolution until the filing delinquency or liability is  
25 satisfied.

26     Sec. 28. Section 533.329, Code 2020, is amended by adding  
27 the following new subsection:

28     NEW SUBSECTION. 03. Returns shall be in the form the  
29 director of revenue prescribes, and shall be filed with the  
30 department of revenue on or before the last day of the fourth  
31 month after the expiration of the tax year. The moneys and  
32 credits tax is due and payable on the last day of the fourth  
33 month after the expiration of the tax year.

34     Sec. 29. Section 533.329, subsection 3, Code 2020, is  
35 amended to read as follows:

1 3. The department of revenue shall administer and enforce  
2 the provisions of this section, and except as explicitly  
3 provided in this section or another provision of law, shall  
4 apply all applicable penalty, interest, and administrative  
5 provisions of chapters 421 and 422 as nearly as possible in  
6 administering and enforcing the moneys and credits tax imposed  
7 by this section.

8 Sec. 30. LEGISLATIVE INTENT. It is the intent of the  
9 general assembly that the sections of this division amending  
10 Code sections 422.25 and 423.37 are conforming amendments  
11 consistent with current state law, and that the amendments  
12 do not change the application of current law but instead  
13 reflect current law both before and after the enactment of this  
14 division of this Act.

15 Sec. 31. EFFECTIVE DATE. The following, being deemed of  
16 immediate importance, take effect upon enactment:

17 1. The section of this division of this Act amending section  
18 422.25.

19 2. The section of this division of this Act amending section  
20 423.37.

21 Sec. 32. APPLICABILITY. The following applies to any  
22 return for which a written notice that the taxpayer is required  
23 to file such return is issued by the department on or after  
24 January 1, 2022:

25 The portion of the section of this division of this Act  
26 enacting section 421.27, subsection 9.

27 Sec. 33. APPLICABILITY. The following apply to tax years  
28 beginning on or after January 1, 2022:

29 1. The section of this division of this Act amending section  
30 421.27, subsection 1.

31 2. The portion of the section of this division of this Act  
32 amending section 421.27, subsection 4.

33 3. The portion of the section of this division of this Act  
34 enacting section 421.27, subsection 8.

35 DIVISION II

SALES AND USE TAX

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Sec. 34. Section 321G.4, subsection 2, Code 2020, is amended to read as follows:

2. a. The owner of the snowmobile shall file an application for registration with the department through the county recorder of the county of residence in the manner established by the commission. The application shall be completed by the owner and shall be accompanied by a fee of fifteen dollars and a writing fee as provided in [section 321G.27](#). A snowmobile shall not be registered by the county recorder until the county recorder is presented with receipts, bills of sale, or other satisfactory evidence that the sales or use tax has been paid for the purchase of the snowmobile or that the owner is exempt from paying the tax. A snowmobile that has an expired registration certificate from another state may be registered in this state upon proper application, payment of all applicable registration and writing fees, and payment of a penalty of five dollars.

b. If the owner of the snowmobile is unable to present satisfactory evidence that the sales or use tax has been paid, the county recorder shall collect the tax. On or before the tenth day of each month, the county recorder shall remit to the department of revenue the amount of the taxes collected during the preceding month, together with an itemized statement on forms furnished by the department of revenue showing the name of each taxpayer, the make and purchase price of each snowmobile, the amount of tax paid, and such other information as the department of revenue requires.

Sec. 35. Section 321I.4, subsection 2, Code 2020, is amended to read as follows:

2. a. The owner of the all-terrain vehicle shall file an application for registration with the department through the county recorder of the county of residence, or in the case of a nonresident owner, in the county of primary use, in the manner established by the commission. The application shall

1 be completed by the owner and shall be accompanied by a fee  
2 of fifteen dollars and a writing fee as provided in section  
3 321I.29. An all-terrain vehicle shall not be registered by the  
4 county recorder until the county recorder is presented with  
5 receipts, bills of sale, or other satisfactory evidence that  
6 the sales or use tax has been paid for the purchase of the  
7 all-terrain vehicle or that the owner is exempt from paying the  
8 tax. An all-terrain vehicle that has an expired registration  
9 certificate from another state may be registered in this state  
10 upon proper application, payment of all applicable registration  
11 and writing fees, and payment of a penalty of five dollars.

12 b. If the owner of the all-terrain vehicle is unable to  
13 present satisfactory evidence that the sales or use tax has  
14 been paid, the county recorder shall collect the tax. On or  
15 before the tenth day of each month, the county recorder shall  
16 remit to the department of revenue the amount of the taxes  
17 collected during the preceding month, together with an itemized  
18 statement on forms furnished by the department of revenue  
19 showing the name of each taxpayer, the make and purchase price  
20 of each all-terrain vehicle, the amount of tax paid, and such  
21 other information as the department of revenue requires.

22 Sec. 36. Section 423.2, subsection 6, paragraph bs, Code  
23 2020, is amended to read as follows:

24 bs. Services arising from or related to installing,  
25 maintaining, servicing, repairing, operating, upgrading, or  
26 enhancing either specified digital products or software sold  
27 as tangible personal property.

28 Sec. 37. Section 423.2, subsection 8, paragraph d,  
29 subparagraph (1), Code 2020, is amended to read as follows:

30 (1) The retail sale of tangible personal property or  
31 specified digital product and a service, where the tangible  
32 personal property or specified digital product is essential  
33 to the use of the service, and is provided exclusively in  
34 connection with the service, and the true object of the  
35 transaction is the service.

1     Sec. 38. Section 423.3, subsection 3A, Code 2020, is amended  
2 to read as follows:

3     3A. The sales price from the sale of a commercial recreation  
4 service offering the opportunity to hunt a preserve whitetail  
5 as defined in [section 484C.1](#) if the sale occurred between July  
6 1, 2005, and December 31, 2015.

7     Sec. 39. Section 423.3, subsection 31, unnumbered paragraph  
8 1, Code 2020, is amended to read as follows:

9     The sales price of tangible personal property or specified  
10 digital products sold to and of services furnished to a tribal  
11 government as defined in 216A.161, or the sales price of  
12 tangible personal property or specified digital products sold  
13 to and of services furnished, and used for public purposes  
14 sold to a tax-certifying or tax-levying body of the state or a  
15 governmental subdivision of the state, including the following:  
16 regional transit systems, as defined in [section 324A.1](#); ;  
17 the state board of regents; ; department of human services; ;  
18 state department of transportation; ; any municipally owned  
19 solid waste facility which sells all or part of its processed  
20 waste as fuel to a municipally owned public utility; ; and all  
21 divisions, boards, commissions, agencies, or instrumentalities  
22 of state, federal, county, ~~or~~ municipal government, or tribal  
23 government which have no earnings going to the benefit of an  
24 equity investor or stockholder, except any of the following:

25     Sec. 40. Section 423.3, Code 2020, is amended by adding the  
26 following new subsection:

27     NEW SUBSECTION. 60A. The sales price from sales of diapers  
28 eligible for medical assistance as defined in section 249A.2.

29     Sec. 41. Section 423.3, subsection 80, paragraphs b and c,  
30 Code 2020, are amended to read as follows:

31     b. Subject to the limitations in paragraph "c", if a  
32 contractor, subcontractor, or builder is to use building  
33 materials, supplies, and equipment, or services in the  
34 performance of a written construction contract with a  
35 designated exempt entity, the person shall purchase such

1 items of tangible personal property or services without  
2 liability for the tax if such property or services will be  
3 used in the performance of the written construction contract  
4 and a purchasing agent authorization letter and an exemption  
5 certificate, issued by the designated exempt entity, are  
6 presented to the retailer.

7 c. (1) With regard to a written construction contract  
8 with a designated exempt entity described in paragraph "a",  
9 subparagraph (1), the sales price of building materials,  
10 supplies, ~~or~~ equipment, or services is exempt from tax by this  
11 subsection only to the extent the building materials, supplies,  
12 ~~or~~ equipment, or services are completely consumed in the  
13 performance of the construction contract with the designated  
14 exempt entity, and only if the property that is the subject  
15 of the construction project becomes public property or the  
16 property of the designated exempt entity.

17 (2) With regard to a written construction contract with  
18 a designated exempt entity described in paragraph "a",  
19 subparagraph (2), the sales price of building materials,  
20 supplies, ~~or~~ equipment, or services is exempt from tax by this  
21 subsection only to the extent the building materials, supplies,  
22 ~~or~~ equipment, or services are completely consumed in the  
23 performance of a construction contract to construct a project,  
24 as defined in [section 15J.2, subsection 10](#), which project has  
25 been approved by the economic development authority board in  
26 accordance with [chapter 15J](#).

27 Sec. 42. Section 423.3, Code 2020, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 107. The sales price from the sale of  
30 feminine hygiene products. For purposes of this subsection,  
31 "*feminine hygiene products*" means sanitary napkins, tampons, or  
32 other similar items used for feminine hygiene.

33 Sec. 43. Section 423.4, subsection 1, Code 2020, is amended  
34 to read as follows:

35 1. a. For purposes of this subsection, a "*designated exempt*



1 entity means any of the following:

2 (1) A private nonprofit educational institution in this  
3 state.

4 (2) A nonprofit Iowa affiliate of a nonprofit international  
5 organization whose primary activity is the promotion of the  
6 construction, remodeling, or rehabilitation of one-family or  
7 two-family dwellings for low-income families.

8 (3) A nonprofit private museum in this state.

9 (4) A tax-certifying or tax-levying body or governmental  
10 subdivision of the state, including the state board of regents,  
11 state department of human services, state department of  
12 transportation.

13 (5) A municipally owned solid waste facility which sells all  
14 or part of its processed waste as fuel to a municipally owned  
15 public utility.

16 (6) The state of Iowa.

17 (7) Any political subdivision of the state.

18 (8) All divisions, boards, commissions, agencies, or  
19 instrumentalities of state, federal, county, or municipal  
20 government which do not have earnings going to the benefit of  
21 an equity investor or stockholder.

22 (9) A tribal government as defined in section 216A.161,  
23 and any instrumentalities of the tribal government which do  
24 not have earnings going to the benefit of an equity investor  
25 or stockholder.

26 b. A designated exempt entity may make application apply  
27 to the department for the refund of the sales or use tax upon  
28 the sales price of all sales of goods, wares, or merchandise  
29 building materials, supplies, equipment, or from services  
30 furnished to a contractor, used in the fulfillment performance  
31 of a written contract with the state of Iowa, any political  
32 subdivision of the state, or a division, board, commission,  
33 agency, or instrumentality of the state or a political  
34 subdivision, a private nonprofit educational institution in  
35 this state, a nonprofit Iowa affiliate described in this

1 ~~subsection, or a nonprofit private museum in this state if the~~  
2 ~~property becomes an integral part of the project under contract~~  
3 ~~and at the completion of the project becomes public property,~~  
4 ~~is devoted to educational uses, becomes part of a low-income~~  
5 ~~one-family or two-family dwelling in the state, or becomes a~~  
6 ~~nonprofit private museum; except goods, wares, or merchandise,~~  
7 designated exempt entity if all of the following apply:

8     (1) The building materials, supplies, equipment, or  
9 services are completely consumed in the performance of a  
10 construction project with the designated entity.

11     (2) The property that is subject of the construction project  
12 becomes public property or the property of an exempt entity.

13     (3) The building materials, supplies, equipment, or  
14 services furnished which are not used in the performance of  
15 any contract in connection with the operation of any municipal  
16 utility engaged in selling gas, electricity, or heat to  
17 the general public or in connection with the operation of a  
18 municipal pay television system; and except goods, wares, and  
19 merchandise are not used in the performance of a contract for a  
20 "project" under chapter 419 as defined in that chapter other  
21 than goods, wares, or merchandise used in the performance of  
22 a contract for a "project" under chapter 419 for which a bond  
23 issue was approved by a municipality prior to July 1, 1968, or  
24 for which the goods, wares, or merchandise becomes an integral  
25 part of the project under contract and at the completion of the  
26 project becomes public property or is devoted to educational  
27 uses.

28     ~~a. c.~~ Such A contractor shall state under oath, on forms  
29 provided by the department, the amount of such sales of goods,  
30 wares, or merchandise, or services furnished and used in the  
31 performance of such contract, and upon which sales or use tax  
32 has been paid, and shall file such forms with the ~~governmental~~  
33 ~~unit, private nonprofit educational institution, nonprofit Iowa~~  
34 ~~affiliate, or nonprofit private museum~~ designated exempt entity  
35 which has made any written contract for performance by the

1 contractor. The forms shall be filed by the contractor with  
2 the ~~governmental unit, educational institution, nonprofit Iowa~~  
3 ~~affiliate, or nonprofit private museum~~ designated exempt entity  
4 before final settlement is made.

5 ~~b. d.~~ Such ~~governmental unit, educational institution,~~  
6 ~~nonprofit Iowa affiliate, or nonprofit private museum~~ A  
7 designated exempt entity shall, not more than one year after  
8 the final settlement has been made, ~~make application~~ apply  
9 to the department for any refund of the amount of the sales  
10 or use tax which shall have been paid upon any ~~goods, wares,~~  
11 ~~or merchandise~~ building materials, supplies, equipment,  
12 or services furnished, the application to be made in the  
13 manner and upon forms to be provided by the department,  
14 and the department shall forthwith audit the claim and, if  
15 approved, issue a warrant to the ~~governmental unit, educational~~  
16 ~~institution, nonprofit Iowa affiliate, or nonprofit private~~  
17 ~~museum~~ designated exempt entity in the amount of the sales or  
18 use tax which has been paid to the state of Iowa under the  
19 contract.

20 ~~e. e.~~ Refunds authorized under this subsection shall accrue  
21 interest in accordance with section 421.60, subsection 2,  
22 paragraph "e".

23 ~~d. f.~~ Any contractor who willfully makes a false report of  
24 tax paid under the provisions of this subsection is guilty of  
25 a simple misdemeanor and in addition shall be liable for the  
26 payment of the tax and any applicable penalty and interest.

27 Sec. 44. Section 423.4, subsection 2, paragraphs a and b,  
28 Code 2020, are amended to read as follows:

29 a. A contractor awarded a contract for a transportation  
30 construction project is considered the consumer of all building  
31 materials, building supplies, and equipment, and services and  
32 shall pay sales tax to the supplier or remit consumer use tax  
33 directly to the department.

34 b. The contractor is not required to file information with  
35 the state department of transportation stating the amount of

1 ~~goods, wares, or merchandise, or services rendered, furnished,~~  
2 ~~or performed and~~ building materials, supplies, equipment, or  
3 services used in the performance of the contract or the amount  
4 of sales or use tax paid.

5 Sec. 45. Section 423.4, subsection 6, paragraph a,  
6 subparagraph (1), Code 2020, is amended to read as follows:

7 (1) The owner of a collaborative educational facility  
8 in this state may make application to the department for the  
9 refund of the sales or use tax upon the sales price of all sales  
10 of ~~goods, wares, or merchandise~~ building materials, supplies,  
11 equipment, or from services furnished to a contractor, used  
12 in the fulfillment of a written construction contract with  
13 the owner of the collaborative educational facility for the  
14 original construction, or additions or modifications to, a  
15 building or structure to be used as part of the collaborative  
16 educational facility.

17 Sec. 46. Section 423.4, subsection 6, paragraphs b and c,  
18 Code 2020, are amended to read as follows:

19 ~~Such~~ A contractor shall state under oath, on forms  
20 provided by the department, the amount of such sales of ~~goods,~~  
21 ~~wares, or merchandise~~ building materials, supplies, equipment,  
22 or services furnished and used in the performance of such  
23 contract, and upon which sales or use tax has been paid, and  
24 shall file such forms with the owner of the collaborative  
25 educational facility which has made any written contract for  
26 performance by the contractor.

27 *c.* (1) The owner of the collaborative educational facility  
28 shall, not more than one year after the final settlement has  
29 been made, make application to the department for any refund  
30 of the amount of the sales or use tax which shall have been  
31 paid upon any ~~goods, wares, or merchandise~~ building materials,  
32 supplies, equipment, or services furnished, the application  
33 to be made in the manner and upon forms to be provided by  
34 the department, and the department shall forthwith audit the  
35 claim and, if approved, issue a warrant to the owner of the

1 collaborative educational facility in the amount of the sales  
2 or use tax which has been paid to the state of Iowa under the  
3 contract.

4 (2) Refunds authorized under [this subsection](#) shall accrue  
5 interest in accordance with [section 421.60, subsection 2,](#)  
6 paragraph "e".

7 Sec. 47. Section 423.5, subsection 1, paragraph b, Code  
8 2020, is amended by striking the paragraph.

9 Sec. 48. Section 423.29, subsection 1, Code 2020, is amended  
10 to read as follows:

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

25 Sec. 49. Section 423.33, subsection 1, Code 2020, is amended  
26 to read as follows:

27 1. *Liability of purchaser ~~for sales tax~~ and retailer.*

28 a. If a purchaser fails to pay sales tax to the retailer  
29 required to collect the tax, then in addition to all of the  
30 rights, obligations, and remedies provided, ~~the~~ a use tax  
31 is payable by the purchaser directly to the department, and  
32 sections 423.31, [423.32](#), [423.37](#), [423.38](#), [423.39](#), [423.40](#),  
33 [423.41](#), and [423.42](#) apply to the purchaser.

34 b. For failure to pay the sales or use tax as described  
35 in paragraph "a", the retailer and purchaser are jointly

1 liable, unless the circumstances described in section 29C.24,  
2 subsection 3, paragraph "a", subparagraph (2), section 421.60,  
3 subsection 2, paragraph "m", [section 423.34A](#), or section  
4 423.45, subsection 4, paragraph "b" or "e", or [subsection 5](#),  
5 paragraph "c" or "e", are applicable.

6 c. If the retailer fails to collect sales tax at the time  
7 of the transaction, the retailer shall thereafter remit the  
8 applicable sales tax, or the purchaser thereafter shall remit  
9 the applicable use tax. If the purchaser remits all applicable  
10 use tax, the retailer remains liable for any local sales and  
11 services tax under chapter 423B that the retailer failed to  
12 collect.

13 Sec. 50. REFUNDS RELATED TO PRESERVE WHITETAIL DEER  
14 HUNTING. Refunds of taxes, interest, or penalties that arise  
15 from claims resulting from the amendment of section 423.3,  
16 subsection 3A, for sales occurring between July 1, 2005,  
17 and the effective date of the amendment to section 423.3,  
18 subsection 3A, shall not be allowed, notwithstanding any other  
19 law to the contrary.

20 Sec. 51. LEGISLATIVE INTENT.

21 1. It is the intent of the general assembly that the section  
22 of this division of this Act amending section 423.29 is a  
23 conforming amendment consistent with current state law, and  
24 that the amendment does not change the application of current  
25 law but instead reflects current law both before and after the  
26 enactment of this division of this Act.

27 2. It is the intent of the general assembly that the  
28 addition of "jointly" in the section of this division of  
29 this Act amending section 423.33 is a conforming amendment  
30 consistent with current state law, and that the amendment  
31 does not change the application of current law but instead  
32 reflects current law both before and after the enactment of  
33 this division of this Act.

34 Sec. 52. EFFECTIVE DATE. The following, being deemed of  
35 immediate importance, take effect upon enactment:

1 1. The section of this division of this Act amending section  
2 423.3, subsection 3A.

3 2. The section of this division of this Act relating  
4 to refunds for commercial recreation services offering an  
5 opportunity to hunt preserve whitetail deer.

6 Sec. 53. RETROACTIVE APPLICABILITY. The following applies  
7 retroactively to July 1, 2005:

8 The section of this division of this Act amending section  
9 423.3, subsection 3A.

10 DIVISION III  
11 INCOME TAX

12 Sec. 54. Section 422.9, subsection 3, paragraph c, Code  
13 2020, is amended by striking the paragraph and inserting in  
14 lieu thereof the following:

15 c. A taxpayer may elect to waive the entire carryback period  
16 with respect to an Iowa net operating loss for any taxable year  
17 beginning on or after January 1, 2020. The election shall be  
18 made in the manner and form prescribed by the department, and  
19 shall be made by the due date for filing the taxpayer's Iowa  
20 return, including extensions of time. After the election is  
21 made for any taxable year, the election shall be irrevocable  
22 for such taxable year. When an election has been properly  
23 made, the Iowa net operating loss shall be carried forward  
24 twenty taxable years.

25 Sec. 55. Section 422.9, subsection 3, paragraph d, Code  
26 2020, is amended to read as follows:

27 d. Notwithstanding paragraph "a", for a taxpayer who is  
28 engaged in the trade or business of farming, which means the  
29 same as a "farming business" as defined in section 263A(e)(4) of  
30 the Internal Revenue Code, and has a farming loss from farming  
31 as defined in section 172(b)(1)(B) of the Internal Revenue Code  
32 including modifications prescribed by rule by the director,  
33 the Iowa farming loss from the trade or business of farming is  
34 a net operating loss which may, at the time of the election of  
35 the taxpayer, be carried back five taxable years prior to the

1 taxable year of the loss. The election shall be made in the  
2 manner and form prescribed by the department, and shall be made  
3 by the due date for filing the taxpayer's return, including  
4 extensions of time. After the election is made for any taxable  
5 year, the election shall be irrevocable for such taxable year.

6 Sec. 56. APPLICABILITY. This division of this Act applies  
7 to tax years beginning on or after January 1, 2020.

8 DIVISION IV

9 SCHOOL TUITION TAX CREDIT — FUNDING

10 Sec. 57. Section 422.11S, subsection 8, paragraph a,  
11 subparagraph (2), Code 2020, is amended to read as follows:

12 (2) (a) *"Total approved tax credits"* means for the 2006  
13 calendar year, two million five hundred thousand dollars, for  
14 the 2007 calendar year, five million dollars, for calendar  
15 years beginning on or after January 1, 2008, but before January  
16 1, 2012, seven million five hundred thousand dollars, for  
17 calendar years beginning on or after January 1, 2012, but  
18 before January 1, 2014, eight million seven hundred fifty  
19 thousand dollars, for calendar years beginning on or after  
20 January 1, 2014, but before January 1, 2019, twelve million  
21 dollars, and for calendar years beginning on or after January  
22 1, 2019, but before January 1, 2020, thirteen million dollars,  
23 and for calendar years beginning on or after January 1, 2020,  
24 fifteen million dollars.

25 (b) (i) During any calendar year beginning on or after  
26 January 1, 2022, if the amount of awarded tax credits from the  
27 preceding calendar year are equal to or greater than ninety  
28 percent of the total approved tax credits for the current  
29 calendar year, the total approved tax credits for the current  
30 calendar year shall equal the product of ten percent multiplied  
31 by the total approved tax credits for the current calendar year  
32 plus the total approved tax credits for the current calendar  
33 year.

34 (ii) If total approved tax credits are recomputed pursuant  
35 to subparagraph subdivision (i), the total approved tax credits



1 shall equal the previous total approved tax credits recomputed  
2 pursuant to subparagraph subdivision (i) for purposes of future  
3 recomputations under subparagraph subdivision (i), provided  
4 that the maximum total approved tax credits recomputed pursuant  
5 to this subparagraph division (b) shall not exceed twenty  
6 million dollars in a calendar year.

7 DIVISION V

8 RESEARCH ACTIVITIES CREDIT

9 Sec. 58. Section 15.335, subsection 4, paragraph a, Code  
10 2020, is amended to read as follows:

11 a. In lieu of the credit amount computed in subsection 2, an  
12 eligible business may elect to compute the credit amount for  
13 qualified research expenses incurred in this state in a manner  
14 consistent with the alternative simplified credit described in  
15 section ~~41(e)(5)~~ 41(c)(4) of the Internal Revenue Code. The  
16 taxpayer may make this election regardless of the method used  
17 for the taxpayer's federal income tax. The election made under  
18 this paragraph is for the tax year and the taxpayer may use  
19 another or the same method for any subsequent year.

20 Sec. 59. Section 15.335, subsection 4, paragraph b,  
21 unnumbered paragraph 1, Code 2020, is amended to read as  
22 follows:

23 For purposes of the alternate credit computation method in  
24 paragraph "a", the credit percentages applicable to qualified  
25 research expenses described in section ~~41(e)(5)(A)~~ 41(c)(4)(A)  
26 and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B) of the  
27 Internal Revenue Code are as follows:

28 Sec. 60. Section 422.10, subsection 1, paragraphs c and d,  
29 Code 2020, are amended to read as follows:

30 c. In lieu of the credit amount computed in paragraph "b",  
31 subparagraph (1), subparagraph division (a), a taxpayer may  
32 elect to compute the credit amount for qualified research  
33 expenses incurred in this state in a manner consistent with the  
34 alternative simplified credit described in section ~~41(e)(5)~~  
35 41(c)(4) of the Internal Revenue Code. The taxpayer may make

1 this election regardless of the method used for the taxpayer's  
2 federal income tax. The election made under this paragraph is  
3 for the tax year and the taxpayer may use another or the same  
4 method for any subsequent year.

5 *d.* For purposes of the alternate credit computation  
6 method in paragraph "c", the credit percentages applicable to  
7 qualified research expenses described in section ~~41(e)(5)(A)~~  
8 41(c)(4)(A) and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B)  
9 of the Internal Revenue Code are four and fifty-five  
10 hundredths percent and one and ninety-five hundredths percent,  
11 respectively.

12 Sec. 61. Section 422.33, subsection 5, paragraphs c and d,  
13 Code 2020, are amended to read as follows:

14 *c.* In lieu of the credit amount computed in paragraph  
15 "a", subparagraph (1), a corporation may elect to compute the  
16 credit amount for qualified research expenses incurred in this  
17 state in a manner consistent with the alternative simplified  
18 credit described in section ~~41(e)(5)~~ 41(c)(4) of the Internal  
19 Revenue Code. The taxpayer may make this election regardless  
20 of the method used for the taxpayer's federal income tax. The  
21 election made under this paragraph is for the tax year and the  
22 taxpayer may use another or the same method for any subsequent  
23 year.

24 *d.* For purposes of the alternate credit computation  
25 method in paragraph "c", the credit percentages applicable to  
26 qualified research expenses described in section ~~41(e)(5)(A)~~  
27 41(c)(4)(A) and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B)  
28 of the Internal Revenue Code are four and fifty-five  
29 hundredths percent and one and ninety-five hundredths percent,  
30 respectively.

31 Sec. 62. EFFECTIVE DATE. This division of this Act, being  
32 deemed of immediate importance, takes effect upon enactment.

33 Sec. 63. RETROACTIVE APPLICABILITY. This division of this  
34 Act applies retroactively to January 1, 2019, for tax years  
35 beginning on or after that date.

1 DIVISION VI  
2 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING OF  
3 FEDERAL ADJUSTMENTS

4 Sec. 64. Section 421.27, subsection 2, paragraph c, Code  
5 2020, is amended to read as follows:

6 c. (1) The Except in the case of a final federal  
7 partnership adjustment governed by subparagraph (2), the  
8 taxpayer provides written notification to the department of a  
9 federal audit while it is in progress and voluntarily files an  
10 amended return which includes a copy of the federal document  
11 showing the final disposition or final federal adjustments  
12 and pays any additional Iowa tax due within sixty one hundred  
13 eighty days of the final disposition determination date of the  
14 federal government's audit. For purposes of this subparagraph,  
15 "final determination date" means the same as defined in section  
16 422.25.

17 (2) (a) In the case of a final federal partnership  
18 adjustment arising from a partnership level audit, with respect  
19 to the audited partnership or a direct partner or indirect  
20 partner of the audited partnership, the audited partnership,  
21 direct partner, or indirect partner voluntarily and timely  
22 complies with its reporting and payment requirements under  
23 section 422.25A, subsection 4 or 5.

24 (b) As used in this subparagraph, all words and phrases  
25 defined in section 422.25A shall have the same meaning given  
26 them by that section.

27 Sec. 65. Section 422.7, Code 2020, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 59. Any income subtracted from federal  
30 taxable income for an adjustment year pursuant to section 6225  
31 of the Internal Revenue Code and the regulations thereunder  
32 shall be added back in computing net income for state tax  
33 purposes for the adjustment year.

34 Sec. 66. Section 422.25, subsections 1 and 2, Code 2020,  
35 are amended by striking the subsections and inserting in lieu

1 thereof the following:

2 1. *a.* For purposes of this subsection:

3 (1) "*Federal adjustment*" means a change to an item or amount  
4 required to be determined under the Internal Revenue Code and  
5 the regulations thereunder that is used by the taxpayer to  
6 compute state tax owed whether such change results from action  
7 by the internal revenue service, or the filing of a timely  
8 amended federal return or timely federal refund claim. A  
9 federal adjustment is positive to the extent that it increases  
10 Iowa taxable income as determined under this title and is  
11 negative to the extent that it decreases Iowa taxable income  
12 as determined under this title.

13 (2) "*Federal adjustments report*" means the method or form  
14 required by the department by rule to report final federal  
15 adjustments or final federal partnership adjustments as defined  
16 in section 422.25A, and in the case of any entity taxed as a  
17 partnership or S corporation for federal income tax purposes,  
18 identifies all owners that hold an interest directly in such  
19 entity and provides the effect of the final federal adjustments  
20 on such owner's Iowa income.

21 (3) "*Final determination date*" means the following:

22 (a) Except as provided in subparagraph divisions (b) and  
23 (c), for federal adjustments arising from an internal revenue  
24 service audit or other action by the internal revenue service,  
25 the final determination date is the first day on which no  
26 federal adjustments arising from that audit or other action  
27 remain to be finally determined, whether by internal revenue  
28 service decision with respect to which all rights of appeal  
29 have been waived or exhausted, by agreement, or, if appealed  
30 or contested, by a final decision with respect to which all  
31 rights of appeal have been waived or exhausted. For agreements  
32 required to be signed by the internal revenue service and the  
33 taxpayer, the final determination date is the date on which the  
34 last party signed the agreement.

35 (b) For federal adjustments arising from an internal

1 revenue service audit or other action by the internal revenue  
2 service, if the taxpayer filed as a member of a consolidated  
3 return under section 422.37, the final determination date  
4 is the first day on which no related federal adjustments  
5 arising from that audit or other action remain to be finally  
6 determined, as described in subparagraph division (a), for the  
7 entire group.

8 (c) For federal adjustments arising from a timely filed  
9 amended federal return or a timely filed federal refund  
10 claim, or if it is a federal adjustment reported on a timely  
11 amended federal return or other similar report filed pursuant  
12 to section 6225(c) of the Internal Revenue Code, the final  
13 determination date is the day on which the amended return,  
14 refund claim, or other similar report was filed.

15 (4) "*Final federal adjustment*" means a federal adjustment  
16 after the final determination date for that federal adjustment  
17 has passed.

18 b. Within three years after the return is filed or within  
19 three years after the return became due, including any  
20 extensions of time for filing, whichever time is the later,  
21 the department shall examine the return and determine the tax.  
22 However, if the taxpayer omits from income an amount which  
23 will, under the Internal Revenue Code, extend the statute of  
24 limitations for assessment of federal tax to six years under  
25 the federal law, the period for examination and determination  
26 is six years.

27 c. The period for examination and determination of the  
28 correct amount of tax is unlimited in the case of a false or  
29 fraudulent return made with the intent to evade tax or in the  
30 case of a failure to file a return.

31 d. In lieu of the period of limitation for any prior year  
32 for which an overpayment of tax or an elimination or reduction  
33 of an underpayment of tax due for that prior year results from  
34 the carryback to that prior year of a net operating loss or  
35 net capital loss, the period is the period of limitation for

1 the taxable year of the net operating loss or net capital loss  
2 which results in the carryback.

3 e. (1) In addition to the applicable period of limitation  
4 for examination and determination in paragraph "b", "c", or "d",  
5 the department may make an examination and determination at any  
6 time within one year from the date of receipt by the department  
7 of a federal adjustments report with respect to a final  
8 federal adjustment or final federal partnership adjustment  
9 as defined in section 422.25A for a particular tax year. In  
10 order to begin the running of the one-year period, the federal  
11 adjustments report related to the final federal adjustment or  
12 final federal partnership adjustment shall be transmitted to  
13 the department by the taxpayer in the form and manner specified  
14 by the department by rule.

15 (2) The department in its discretion may adopt rules to  
16 establish a de minimis amount for which subparagraph (1) shall  
17 not apply and the taxpayer shall not be required to file a  
18 federal adjustments report.

19 (3) The department may in its discretion and when  
20 administratively feasible adopt a process through rule by  
21 which a taxpayer may make estimated payments of tax expected  
22 to result from a pending internal revenue service audit  
23 prior to the filing of a federal adjustments report with the  
24 department. The process shall provide that the estimated  
25 tax payments shall be credited against any tax liability  
26 ultimately found to be due to the state from the internal  
27 revenue service audit and will limit the accrual of further  
28 statutory interest on that liability. The process shall also  
29 provide that if the estimated tax payments exceed the final  
30 tax liability and statutory interest ultimately determined to  
31 be due, the taxpayer is entitled to a refund or credit for  
32 the excess, without interest, provided the taxpayer files a  
33 federal adjustments report, or a claim for refund or credit of  
34 tax under section 422.73, no later than one year following the  
35 final determination date.

1     2. *a.* If the tax found due under subsection 1 is greater  
2 than the amount paid, the department shall compute the amount  
3 due, together with interest and penalties as provided in  
4 paragraph "b", and shall mail a notice of assessment to the  
5 taxpayer and, if applicable, to the taxpayer's authorized  
6 representative of the total, which shall be computed as a sum  
7 certain, with interest computed to the last day of the month  
8 in which the notice is dated.

9     *b.* In addition to the tax or additional tax determined  
10 by the department under subsection 1, the taxpayer shall pay  
11 interest on the tax or additional tax at the rate in effect  
12 under section 421.7 for each month counting each fraction of  
13 a month as an entire month, computed from the date the return  
14 was required to be filed. In addition to the tax or additional  
15 tax, the taxpayer shall pay a penalty as provided in section  
16 421.27.

17     Sec. 67. NEW SECTION. **422.25A Reporting and treatment of**  
18 **certain partnership adjustments.**

19     1. *Definitions.* As used in this section and sections  
20 422.25B and 422.25C, unless the context otherwise requires:

21     *a.* "Administrative adjustment request" means the same as  
22 provided in section 6227 of the Internal Revenue Code.

23     *b.* "Audited partnership" means a partnership subject  
24 to a final federal partnership adjustment resulting from a  
25 partnership level audit.

26     *c.* "C corporation" means an entity that elects or is  
27 required to be taxed as a corporation under title 26, chapter  
28 1, subchapter A, part 2, of the Internal Revenue Code.

29     *d.* "Corporate partner" means a C corporation partner that is  
30 subject to tax pursuant to section 422.33.

31     *e.* "Direct partner" means a person that holds an interest  
32 directly in a partnership or pass-through entity.

33     *f.* "Exempt partner" means a partner that is exempt from  
34 taxation pursuant to section 422.34.

35     *g.* "Federal adjustments report" means the same as defined

1 in section 422.25.

2     *h. "Federal partnership adjustment"* means a change to an  
3 item or amount required to be determined under the Internal  
4 Revenue Code and the regulations thereunder that is used by a  
5 partnership and its direct and indirect partners to compute  
6 state tax owed for the reviewed year where such change results  
7 from a partnership level audit or an administrative adjustment  
8 request. A federal partnership adjustment is positive to the  
9 extent that it increases Iowa taxable income as determined  
10 under this title and is negative to the extent that it  
11 decreases Iowa taxable income as determined under this title.  
12 A federal adjustment reported on an amended federal return  
13 or other similar report filed pursuant to section 6225(c) of  
14 the Internal Revenue Code shall not be considered a federal  
15 partnership adjustment for purposes of this section.

16     *i. "Federal partnership representative"* means the person  
17 the partnership designates for the taxable year as the  
18 partnership's representative, or the person the internal  
19 revenue service has appointed to act as the federal partnership  
20 representative, pursuant to section 6223(a) of the Internal  
21 Revenue Code and the regulations thereunder.

22     *j. "Fiduciary partner"* means a partner that is a fiduciary  
23 that is subject to tax pursuant to sections 422.5 and 422.6.

24     *k. "Final determination date"* means any one of the following  
25 dates:

26     (1) In the case of a federal partnership adjustment that  
27 arises from a partnership level audit, the first day on which  
28 no federal adjustments arising from that audit remain to be  
29 finally determined, whether by agreement, or, if appealed  
30 or contested, by a final decision with respect to which all  
31 rights of appeal have been waived or exhausted. For agreements  
32 required to be signed by the internal revenue service and the  
33 audited partnership, the final determination date is the date  
34 on which the last party signed the agreement.

35     (2) In the case of a federal partnership adjustment that



1 results from a timely filed administrative adjustment request,  
2 the day on which the administrative adjustment request was  
3 filed with the internal revenue service.

4 *l. "Final federal partnership adjustment"* means a federal  
5 partnership adjustment after the final determination date for  
6 that federal partnership adjustment has passed.

7 *m. "Indirect partner"* means a partner in a partnership or  
8 pass-through entity where such partnership or pass-through  
9 entity itself holds an interest directly, or through another  
10 indirect partner, in a partnership or pass-through entity.

11 *n. "Individual partner"* means a partner who is a natural  
12 person that is subject to tax pursuant to section 422.5.

13 *o. "Nonresident partner"* means a partner that is not a  
14 resident partner as defined in this subsection.

15 *p. "Partner"* means a person that holds an interest, directly  
16 or indirectly, in a partnership or pass-through entity.

17 *q. "Partnership"* means an entity subject to taxation  
18 under subchapter K of the Internal Revenue Code and the  
19 regulations thereunder and includes but is not limited to a  
20 syndicate, group, pool, joint venture, or other unincorporated  
21 organization through or by means of which any business,  
22 financial operation, or venture is carried on and which is  
23 not, within the meaning of this chapter, a trust, estate, or  
24 corporation.

25 *r. "Partnership level audit"* means an examination by the  
26 internal revenue service at the partnership level pursuant to  
27 subchapter C, title 26, subtitle F, chapter 63, of the Internal  
28 Revenue Code, as enacted by the Bipartisan Budget Act of 2015,  
29 Pub. L. No. 114-74, and as amended, which results in final  
30 federal partnership adjustments initiated and made by the  
31 internal revenue service.

32 *s. "Pass-through entity"* means an entity, other than  
33 a partnership, that is not subject to tax under section  
34 422.33 for C corporations but excluding an exempt partner.

35 *"Pass-through entity"* includes but is not limited to S

1 corporations, estates, and trusts other than grantor trusts.

2 *t. "Reallocation adjustment"* means a final federal  
3 partnership adjustment that changes the shares of items of  
4 partnership income, gain, loss, expense, or credit allocated  
5 to a partner that holds an interest directly in a partnership  
6 or pass-through entity. A positive reallocation adjustment  
7 means the portion of a reallocation adjustment that would  
8 increase Iowa taxable income for such partners, and a negative  
9 reallocation adjustment means the portion of a reallocation  
10 adjustment that would decrease Iowa taxable income for such  
11 partners.

12 *u. "Resident partner"* means any of the following:

13 (1) For an individual partner, a *"resident"* as defined in  
14 section 422.4.

15 (2) For a fiduciary partner, one with situs in Iowa.

16 (3) For all other partners, a partner whose headquarters or  
17 principal place of business is located in Iowa.

18 *v. "Reviewed year"* means the taxable year of a partnership  
19 that is subject to a partnership level audit from which final  
20 federal partnership adjustments arise, or otherwise means the  
21 taxable year of the partnership or pass-through entity that is  
22 the subject of a state partnership audit.

23 *w. "State partnership audit"* means an examination by the  
24 director at the partnership or pass-through entity level which  
25 results in adjustments to partnership or pass-through entity  
26 related items or reallocations of income, gains, losses,  
27 expenses, credits, and other attributes among such partners for  
28 the reviewed year.

29 *x. "Tiered partner"* means any partner that is a partnership  
30 or pass-through entity.

31 *y. "Unrelated business income"* means the income which is  
32 defined in section 512 of the Internal Revenue Code and the  
33 regulations thereunder.

34 2. *Application.* Partnerships and their direct partners  
35 and indirect partners shall report final federal partnership

1 adjustments as provided in this section.

2 3. *State partnership representative.* Notwithstanding any  
3 other law to the contrary, the state partnership representative  
4 for the reviewed year shall have the sole authority to act on  
5 behalf of the partnership or pass-through entity with respect  
6 to an action required or permitted to be taken by a partnership  
7 or pass-through entity under this section or section 422.28 or  
8 422.29 with respect to final federal partnership adjustments  
9 arising from a partnership level audit or an administrative  
10 adjustment request, and its direct partners and indirect  
11 partners shall be bound by those actions.

12 4. *Reporting and payment requirements for audited*  
13 *partnerships and their partners subject to final federal*  
14 *partnership adjustments.*

15 a. Unless an audited partnership makes the election in  
16 subsection 5, the audited partnership shall do all of the  
17 following for all final federal partnership adjustments no  
18 later than ninety days after the final determination date of  
19 the audited partnership:

20 (1) File a completed federal adjustments report.

21 (2) Notify each direct partner of such partner's  
22 distributive share of the adjustments in the manner and form  
23 prescribed by the department by rule.

24 (3) File an amended composite return under section 422.13  
25 if one was originally filed, and if applicable for withholding  
26 from partners, file an amended withholding report under  
27 section 422.16, and pay the additional amount under this title  
28 that would have been due had the final federal partnership  
29 adjustments been reported properly as required, including any  
30 applicable interest and penalties.

31 b. Unless an audited partnership paid an amount on behalf  
32 of the direct partners of the audited partnership pursuant to  
33 subsection 5, all direct partners of the audited partnership  
34 shall do all of the following no later than one hundred  
35 eighty days after the final determination date of the audited

1 partnership:

2 (1) File a completed federal adjustments report reporting  
3 the direct partner's distributive share of the adjustments  
4 required to be reported to such partners under paragraph "a".

5 (2) If the direct partner is a tiered partner, notify all  
6 partners that hold an interest directly in the tiered partner  
7 of such partner's distributive share of the adjustments in the  
8 manner and form prescribed by the department by rule.

9 (3) If the direct partner is a tiered partner and subject to  
10 section 422.13, file an amended composite return under section  
11 422.13 if such return was originally filed, and if applicable  
12 for withholding from partners file an amended withholding  
13 report under section 422.16 if one was originally required to  
14 be filed.

15 (4) Pay any additional amount under this title that would  
16 have been due had the final federal partnership adjustments  
17 been reported properly as required, including any applicable  
18 penalty and interest.

19 c. Unless a partnership or tiered partner paid an amount on  
20 behalf of the partners pursuant to subsection 5, each indirect  
21 partner shall do all of the following:

22 (1) Within ninety days after the time for filing and  
23 furnishing statements to tiered partners and their partners  
24 as established by section 6226 of the Internal Revenue Code  
25 and the regulations thereunder, file a completed federal  
26 adjustments report.

27 (2) If the indirect partner is a tiered partner, within  
28 ninety days after the time for filing and furnishing statements  
29 to tiered partners and their partners as established by  
30 section 6226 of the Internal Revenue Code and the regulations  
31 thereunder but within sufficient time for all indirect partners  
32 to also complete the requirements of this subsection, notify  
33 all of the partners that hold an interest directly in the  
34 tiered partner of such partner's distributive share of the  
35 adjustments in the manner and form prescribed by the department

1 by rule.

2 (3) Within ninety days after the time for filing and  
3 furnishing statements to tiered partners and their partners  
4 as established by section 6226 of the Internal Revenue Code  
5 and the regulations thereunder, if the indirect partner  
6 is a tiered partner and subject to section 422.13, file an  
7 amended composite return under section 422.13 if such return  
8 was originally filed, and if applicable for withholding from  
9 partners, file an amended withholding report under section  
10 422.16 if one was originally required to be filed.

11 (4) Within ninety days after the time for filing and  
12 furnishing statements to tiered partners and the partners of  
13 the tiered partners as established by section 6226 of the  
14 Internal Revenue Code and the regulations thereunder, pay any  
15 additional amount due under this title, including any penalty  
16 and interest that would have been due had the final federal  
17 partnership adjustments been reported properly as required.

18 5. *Election for partnership or tiered partners to pay.*

19 a. An audited partnership, or a tiered partner that receives  
20 a notification of a final federal partnership adjustment under  
21 subsection 4, may make an election to pay as provided under  
22 this subsection.

23 b. An audited partnership or tiered partner makes an  
24 election to pay under this subsection by filing a completed  
25 federal adjustments report, notifying the department in the  
26 manner and form prescribed by the department that it is making  
27 the election under this subsection, notifying each of the  
28 direct partners of such partner's distributive share of the  
29 adjustments, and paying on behalf of its partners an amount  
30 calculated in paragraph "c", including any applicable penalty  
31 and interest. These requirements shall all be fulfilled within  
32 one of the following time periods:

33 (1) For the audited partnership, no later than ninety days  
34 after the final determination date of the audited partnership.

35 (2) For a direct tiered partner, no later than one hundred

1 eighty days after the final determination date of the audited  
2 partnership.

3 (3) For an indirect tiered partner, within ninety days  
4 after the time for filing and furnishing statements to a  
5 tiered partner and the partner of the tiered partner, as  
6 established by section 6226 of the Internal Revenue Code and  
7 the regulations thereunder.

8 c. The amount due under this subsection from an audited  
9 partnership or tiered partner shall be calculated as follows:

10 (1) Exclude from final federal partnership adjustments and  
11 any positive reallocation adjustments the distributive share  
12 of such adjustments reported to an exempt partner that holds  
13 an interest directly in the audited partnership if the audited  
14 partnership is making the election or that holds an interest  
15 directly in the tiered partner if the tiered partner is making  
16 the election, but only to the extent the distributive share is  
17 not unrelated business income.

18 (2) Determine the total distributive share of all final  
19 federal partnership adjustments and positive reallocation  
20 adjustments as modified by this title that are reported to  
21 corporate partners, and to exempt partners to the extent the  
22 distributive share is unrelated business income, and allocate  
23 and apportion such adjustments as provided in section 422.33  
24 at the partnership or tiered partner level, and multiply the  
25 resulting amount by the maximum state corporate income tax rate  
26 pursuant to section 422.33 for the reviewed year.

27 (3) Determine the total distributive share of all final  
28 federal partnership adjustments and positive reallocation  
29 adjustments as modified by this title that are reported to  
30 nonresident individual partners and nonresident fiduciary  
31 partners and allocate and apportion such adjustments as  
32 provided in section 422.33 at the partnership or tiered  
33 partner level, and multiply the resulting amount by the maximum  
34 individual income tax rate pursuant to section 422.5A for the  
35 reviewed year.

1 (4) For the total distributive share of all final federal  
2 partnership adjustments and positive reallocation adjustments  
3 as modified by this title that are reported to tiered partners:

4 (a) Determine the amount of such adjustments which are of a  
5 type that would be subject to sourcing to Iowa under section  
6 422.8, subsection 2, paragraph "a", as a nonresident, and then  
7 determine the portion of this amount that would be sourced to  
8 Iowa under those provisions as if the tiered partner were a  
9 nonresident.

10 (b) Determine the amount of such adjustments which are of  
11 a type that would not be subject to sourcing to Iowa under  
12 section 422.8, subsection 2, paragraph "a", as a nonresident.

13 (c) Determine the portion of the amount in subparagraph  
14 division (b) that can be established, as prescribed by the  
15 department by rule, to be properly allocable to indirect  
16 partners that are nonresident partners or other partners not  
17 subject to tax on the adjustments.

18 (d) Multiply the total of the amounts determined in  
19 subparagraph divisions (a) and (b), reduced by any amount  
20 determined in subparagraph division (c), by the highest  
21 individual income tax rate pursuant to section 422.5A for the  
22 reviewed year.

23 (5) For the total distributive share of all final federal  
24 partnership adjustments and positive reallocation adjustments  
25 as modified by this title that are reported to resident  
26 individual partners and resident fiduciary partners, multiply  
27 that amount by the highest individual income tax rate pursuant  
28 to section 422.5A for the reviewed year.

29 (6) Total the amounts computed pursuant to subparagraphs  
30 (2) through (5) and calculate any interest and penalty as  
31 provided under this title. Notwithstanding any provision of  
32 law to the contrary, interest and penalties on the amount due  
33 by the audited partnership or tiered partner shall be computed  
34 from the day after the due date of the reviewed year return  
35 without extension, and shall be imposed as if the audited

1 partnership or tiered partner was required to pay tax or show  
2 tax due on the original return for the reviewed year.

3 *d.* Adjustments subject to the election in this subsection  
4 do not include any adjustments arising from an administrative  
5 adjustment request.

6 *e.* An audited partnership or tiered partner not otherwise  
7 subject to any reporting or payment obligation to Iowa that  
8 makes an election under this subsection consents to be subject  
9 to the Iowa laws related to reporting, assessment, collection,  
10 and payment of Iowa tax, interest, and penalties calculated  
11 under the election.

12 *6. Modified reporting and payment method.* The department may  
13 adopt procedures for an audited partnership or tiered partner  
14 to enter into an agreement with the department to use an  
15 alternative reporting and payment method, including applicable  
16 time requirements or any other provision of this section. The  
17 audited partnership or tiered partner must demonstrate that  
18 the requested method will reasonably provide for the reporting  
19 and payment of taxes, penalties, and interest due under the  
20 provisions of this section. Application for approval of an  
21 alternative reporting and payment method must be made by the  
22 audited partnership or tiered partner within the time for  
23 making an election to pay under subsection 5 and in the manner  
24 prescribed by the department. Approval of such an alternative  
25 reporting and payment method shall be at the discretion of the  
26 department.

27 *7. Effect of election by partnership or tiered partner and*  
28 *payment of amount due.*

29 *a.* The election made under subsection 5 is irrevocable,  
30 unless in the discretion of the director, the director  
31 determines otherwise.

32 *b.* The amount determined in subsection 5, when properly  
33 reported and paid by the audited partnership or tiered partner,  
34 shall be treated as paid on behalf of the partners of such  
35 audited partnership or tiered partner on the same final federal



1 partnership adjustments, provided, however, that no partner may  
2 take any deduction or credit for the amount, claim a refund of  
3 the amount, or include the amount on such partner's Iowa return  
4 in any manner.

5     *c.* In the event another state offers to an audited  
6 partnership or tiered partner a similar election to pay state  
7 tax resulting from final federal partnership adjustments,  
8 nothing in this subsection shall prohibit a resident who holds  
9 an interest directly in that audited partnership or tiered  
10 partner, as the case may be, from claiming a credit for taxes  
11 paid by the resident to another state under section 422.8,  
12 subsection 1, for any amounts paid by the audited partnership  
13 or tiered partner on such resident partner's behalf to another  
14 state, provided such payment otherwise meets the requirements  
15 of section 422.8, subsection 1.

16     *d.* Nothing in this section shall prohibit the department  
17 from assessing direct partners and indirect partners for taxes  
18 they owe in the event that an audited partnership or tiered  
19 partner fails to timely make any report or payment required by  
20 this section for any reason.

21     8. *Assessments of additional Iowa income tax, interest, and*  
22 *penalties, and claims for refund, arising from final federal*  
23 *partnership adjustments.*

24     *a.* The department shall assess additional Iowa income  
25 tax, interest, and penalties arising from final federal  
26 partnership adjustments in the same manner as provided in  
27 this title unless a different treatment is provided by this  
28 subsection. Since final federal partnership adjustments are  
29 determined at the audited partnership level, any assessment  
30 issued to partners shall not be appealable by the partner.  
31 The department may assess any taxes, including on-behalf-of  
32 amounts, interest, and penalties arising from the final federal  
33 partnership adjustments if it issues a notice of assessment to  
34 the audited partnership, tiered partner, or other direct or  
35 indirect partner on or before the expiration of the applicable

1 limitations period specified in section 422.25.

2     *b.* In addition to the period for claiming a refund or credit  
3 provided in section 422.73, subsection 1, paragraph "a", and  
4 notwithstanding section 422.73, subsection 1, paragraph "b",  
5 a partnership, tiered partner, or other direct or indirect  
6 partner, as the case may be, may file a claim for refund of  
7 Iowa income tax arising directly or indirectly from a final  
8 federal partnership adjustment arising from a partnership level  
9 audit on or before the date which is one year from the date the  
10 federal adjustments report for that final federal partnership  
11 adjustment was required to be filed by such person under this  
12 section.

13     9. *Rules.* The department may adopt any rules pursuant to  
14 chapter 17A to implement this section.

15     Sec. 68. NEW SECTION. **422.25B State partnership**  
16 **representative.**

17     1. As used in this section, all words and phrases defined  
18 in section 422.25A shall have the same meaning given them by  
19 that section.

20     2. The state partnership representative for the reviewed  
21 year for a partnership shall be the partnership's federal  
22 partnership representative with respect to an action required  
23 or permitted to be taken by a state partnership representative  
24 under this chapter for a reviewed year, unless the partnership  
25 designates in writing another person as the state partnership  
26 representative as provided in subsection 3. The state  
27 partnership representative for the reviewed year for a  
28 pass-through entity is the person designated in subsection 3.

29     3. The department may establish reasonable qualifications  
30 for a person to be a state partnership representative. If  
31 a partnership desires to designate a person other than the  
32 federal partnership representative, the partnership shall  
33 designate such person in the manner and form prescribed by the  
34 department. A pass-through entity shall designate a person as  
35 the state partnership representative in the manner and form

1 prescribed by the department. A partnership or pass-through  
2 entity shall be allowed to change such designation by notifying  
3 the department at the time the change occurs in the manner and  
4 form prescribed by the department.

5 4. The department may adopt any rules pursuant to chapter  
6 17A to implement this section.

7 **Sec. 69. NEW SECTION. 422.25C Partnership and pass-through**  
8 **entity audits and examinations — consistent treatment of**  
9 **entity-level items — binding actions — amended returns.**

10 1. As used in this section, all words and phrases defined  
11 in section 422.25A shall have the same meaning given them by  
12 that section.

13 2. For tax years beginning on or after January 1, 2020, any  
14 adjustments to a partnership's or pass-through entity's items  
15 of income, gain, loss, expense, or credit, or an adjustment  
16 to such items allocated to a partner that holds an interest  
17 in a partnership or pass-through entity for the reviewed year  
18 by the department as a result of a state partnership audit,  
19 shall be determined at the partnership level or pass-through  
20 entity level in the same manner as provided by section 6221(a)  
21 of the Internal Revenue Code and the regulations thereunder  
22 unless a different treatment is specifically provided in this  
23 title. The provisions of sections 6222, 6223, and 6227 of the  
24 Internal Revenue Code and the regulations thereunder shall also  
25 apply to a partnership or pass-through entity and its direct  
26 or indirect partners in the same manner as provided in such  
27 sections unless a different treatment is specifically provided  
28 in this title. For purposes of applying such sections, due  
29 account shall be made for differences in federal and Iowa  
30 terminology. The adjustment provided by section 6221(a) of  
31 the Internal Revenue Code shall be determined as provided in  
32 such section but shall be based on Iowa taxable income or  
33 other tax attributes of the partnership as determined pursuant  
34 to this chapter for the reviewed year. The department shall  
35 issue a notice of adjustment to the partnership or pass-through

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

18 3. The state partnership representative for the reviewed  
 19 year as determined under section 422.25B shall have the sole  
 20 authority to act on behalf of the partnership or pass-through  
 21 entity with respect to an action required or permitted to  
 22 be taken by a partnership or pass-through entity under this  
 23 section, including proceedings under section 422.28 or 422.29,  
 24 and the partnership's or pass-through entity's direct partners  
 25 and indirect partners shall be bound by those actions.

26 4. If the department, the partnership or pass-through  
 27 entity, and the partnership or pass-through entity owners  
 28 agree, the provisions of this section may be applied to tax  
 29 years beginning before January 1, 2020.

30 5. The department may adopt rules pursuant to chapter 17A to  
 31 implement this section.

32 Sec. 70. Section 422.35, Code 2020, is amended by adding the  
 33 following new subsection:

34 NEW SUBSECTION. 26. Any income subtracted from federal  
 35 taxable income for an adjustment year pursuant to section 6225

1 of the Internal Revenue Code and the regulations thereunder  
2 shall be added back in computing net income for state tax  
3 purposes for the adjustment year.

4 Sec. 71. Section 422.39, Code 2020, is amended by striking  
5 the section and inserting in lieu thereof the following:

6 **422.39 Statutes applicable to corporations and corporation**  
7 **tax.**

8 All the provisions of sections 422.24 through 422.27  
9 of division II, respecting payment, collection, reporting,  
10 examination, and assessment, shall apply in respect to a  
11 corporation subject to the provisions of this division and to  
12 the tax due and payable by a corporation taxable under this  
13 division. This includes but is not limited to a corporation  
14 that is a pass-through entity as defined in section 422.25A.

15 Sec. 72. Section 422.73, Code 2020, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 01. For purposes of this section, "*federal*  
18 *adjustment*", "*final determination date*", and "*final federal*  
19 *adjustment*" all mean the same as defined in section 422.25.

20 Sec. 73. Section 422.73, subsections 1 and 3, Code 2020, are  
21 amended to read as follows:

22 1. a. If it appears that an amount of tax, penalty, or  
23 interest has been paid which was not due under **division II,**  
24 **III or V of this chapter,** then that amount shall be credited  
25 against any tax due on the books of the department by the  
26 person who made the excessive payment, or that amount shall be  
27 refunded to the person or with the person's approval, credited  
28 to tax to become due. A claim for refund or credit that has  
29 not been filed with the department within three years after  
30 the return upon which a refund or credit claimed became due,  
31 or within one year after the payment of the tax upon which a  
32 refund or credit is claimed was made, whichever time is the  
33 later, shall not be allowed by the director. If, as a result of  
34 a carryback of a net operating loss or a net capital loss, the  
35 amount of tax in a prior period is reduced and an overpayment

1 results, the claim for refund or credit of the overpayment  
2 shall be filed with the department within the three years after  
3 the return for the taxable year of the net operating loss or  
4 net capital loss became due.

5 b. Notwithstanding the period of limitation specified in  
6 paragraph "a", the taxpayer shall have ~~six months~~ one year from  
7 ~~the day of final disposition~~ final determination date of any  
8 ~~income tax matter between the taxpayer and the internal revenue~~  
9 ~~service~~ final federal adjustment arising from an internal  
10 revenue service audit or other similar action by the internal  
11 revenue service with respect to the particular tax year to  
12 claim an income tax refund or credit arising from that final  
13 federal adjustment.

14 3. The department shall enter into an agreement with the  
15 internal revenue service for the transmission of federal income  
16 tax reports on individuals required to file an Iowa income tax  
17 return who have been involved in an income tax matter with the  
18 internal revenue service. After ~~final disposition~~ the final  
19 determination date of the income tax matter that involves a  
20 final federal adjustment between the taxpayer and the internal  
21 revenue service, the department shall determine whether the  
22 individual is due a state income tax refund as a result of that  
23 ~~final disposition of~~ federal adjustment from such income tax  
24 matter. If the individual is due a state income tax refund,  
25 the department shall notify the individual within thirty days  
26 and request the individual to file a claim for refund or credit  
27 with the department.

28 Sec. 74. APPLICABILITY. This division of this Act applies  
29 to federal adjustments and federal partnership adjustments that  
30 have a final determination date after the effective date of  
31 this division of this Act.

32 DIVISION VII

33 SETOFF PROCEDURES — RULEMAKING — EFFECTIVE DATE

34 Sec. 75. RULES. The following applies to 2020 Iowa Acts,  
35 Senate file 2328 or House File 2565, if enacted:

1 The department of revenue shall adopt rules governing  
2 setoffs that occur during the transition from the department of  
3 administrative services to the department of revenue.

4 Sec. 76. 2020 Iowa Acts, Senate File 2328, if enacted, is  
5 amended by adding the following new section:

6 NEW SECTION. Sec. 28. EFFECTIVE DATE. This Act takes  
7 effect on the later of January 1, 2021, or the effective date  
8 of the rules adopted by the department of revenue pursuant  
9 to chapter 17A implementing this Act other than transitional  
10 rules.

11 Sec. 77. 2020 Iowa Acts, House File 2565, section 28, if  
12 enacted, is amended to read as follows:

13 SEC. 28. EFFECTIVE DATE. This Act takes effect on the  
14 later of January 1, 2021, or the effective date of the rules  
15 adopted by the department of revenue pursuant to chapter 17A  
16 implementing this Act other than transitional rules.

17 Sec. 78. EFFECTIVE DATE. This division of this Act, being  
18 deemed of immediate importance, takes effect upon enactment.

19 Sec. 79. RETROACTIVE APPLICABILITY. This division of this  
20 Act applies retroactively to the effective date of 2020 Iowa  
21 Acts, Senate File 2328 or House File 2565, if enacted.

22 DIVISION VIII

23 BUSINESS INTEREST EXPENSE DEDUCTION AND GLOBAL INTANGIBLE  
24 LOW-TAXED INCOME

25 Sec. 80. Section 422.7, Code 2020, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 59. *a.* Section 163(j) of the Internal  
28 Revenue Code does not apply in computing net income for state  
29 tax purposes. If the taxpayer's federal adjusted gross income  
30 for the tax year was increased or decreased by reason of the  
31 application of section 163(j) of the Internal Revenue Code,  
32 the taxpayer shall recompute net income for state tax purposes  
33 under rules prescribed by the director.

34 *b.* Paragraph "*a*" shall not apply during any tax year  
35 in which the additional first-year depreciation allowance

1 authorized in section 168(k) of the Internal Revenue Code  
2 applies in computing net income for state tax purposes.

3 *c.* For any tax year in which paragraph "a" does not apply,  
4 a taxpayer shall not be permitted to deduct any amount of  
5 interest expense paid or accrued in a previous taxable year  
6 that is allowed as a deduction in the current taxable year by  
7 reason of the carryforward of disallowed business interest  
8 provisions of section 163(j)(2) of the Internal Revenue Code,  
9 if either of the following apply:

10 (1) The interest expense was originally paid or accrued  
11 during a tax year in which paragraph "a" applied.

12 (2) The interest expense was originally paid or accrued  
13 during a tax year in which the taxpayer was not required to  
14 file an Iowa return.

15 Sec. 81. Section 422.35, Code 2020, is amended by adding the  
16 following new subsections:

17 NEW SUBSECTION. 26. *a.* Section 163(j) of the Internal  
18 Revenue Code does not apply in computing net income for state  
19 tax purposes. If the taxpayer's federal taxable income for  
20 the tax year was increased or decreased by reason of the  
21 application of section 163(j) of the Internal Revenue Code,  
22 the taxpayer shall recompute net income for state tax purposes  
23 under rules prescribed by the director.

24 *b.* Paragraph "a" shall not apply during any tax year  
25 in which the additional first-year depreciation allowance  
26 authorized in section 168(k) of the Internal Revenue Code  
27 applies in computing net income for state tax purposes.

28 *c.* For any tax year in which paragraph "a" does not apply,  
29 a taxpayer shall not be permitted to deduct any amount of  
30 interest expense paid or accrued in a previous taxable year  
31 that is allowed as a deduction in the current taxable year by  
32 reason of the carryforward of disallowed business interest  
33 provisions of section 163(j)(2) of the Internal Revenue Code,  
34 if either of the following apply:

35 (1) The interest expense was originally paid or accrued



1 during a tax year in which paragraph "a" applied.

2 (2) The interest expense was originally paid or accrued  
3 during a tax year in which the taxpayer was not required to  
4 file an Iowa return.

5 NEW SUBSECTION. 27. Subtract, to the extent included,  
6 global intangible low-taxed income under section 951A of the  
7 Internal Revenue Code.

8 Sec. 82. RESCISSION OF ADMINISTRATIVE RULES.

9 1. Contingent upon the enactment of the section of this  
10 Act amending section 422.35, subsection 27, the following Iowa  
11 administrative rules are rescinded:

12 a. 701 Iowa administrative code, rule 54.2, subrule 3,  
13 paragraph "i".

14 b. 701 Iowa administrative code, rule 59.28, subrule 2,  
15 paragraph "p".

16 2. As soon as practicable, the Iowa administrative code  
17 editor shall remove the language of the Iowa administrative  
18 rules referenced in subsection 1 of this section from the Iowa  
19 administrative code.

20 Sec. 83. EFFECTIVE DATE. This Act, being deemed of  
21 immediate importance, takes effect upon enactment.

22 Sec. 84. RETROACTIVE APPLICABILITY. The following applies  
23 retroactively to January 1, 2019, for tax years beginning on  
24 or after that date:

25 The portion of the section of this division of this Act  
26 enacting section 422.35, subsection 27.

27 Sec. 85. RETROACTIVE APPLICABILITY. The following apply  
28 retroactively to January 1, 2020 for tax years beginning on or  
29 after that date:

30 1. The section of this division of this Act enacting section  
31 422.7, subsection 59.

32 2. The portion of the section of this division of this Act  
33 enacting section 422.35, subsection 26.

34 DIVISION IX

35 IOWA REINVESTMENT ACT

1 Sec. 86. Section 15J.2, subsections 4, 7, 8, and 9, Code  
2 2020, are amended to read as follows:

3 4. "*District*" means the area ~~within a municipality~~ that is  
4 designated a reinvestment district pursuant to [section 15J.4](#).

5 7. "*Municipality*" means ~~a county or an incorporated city~~.  
6 any of the following:

7 a. A county.

8 b. An incorporated city.

9 c. A joint board or other legal entity established or  
10 designated in an agreement between two or more contiguous  
11 municipalities identified in paragraph "a" or "b" pursuant to  
12 chapter 28E.

13 8. a. "*New lessor*" means a lessor, as defined in section  
14 423A.2, operating a business in the district that was not in  
15 operation in the area of the district before the effective  
16 date of the ordinance or resolution establishing the district,  
17 regardless of ownership.

18 b. "*New lessor*" also includes any lessor, defined in section  
19 423A.2, operating a business in the district if the place of  
20 business for that business is the subject of a project that was  
21 approved by the board.

22 9. a. "*New retail establishment*" means a business operated  
23 in the district by a retailer, as defined in [section 423.1](#),  
24 that was not in operation in the area of the district before  
25 the effective date of the ordinance or resolution establishing  
26 the district, regardless of ownership.

27 b. "*New retail establishment*" also includes any business  
28 operated in the district by a retailer, as defined in section  
29 423.1, if the place of business for that retail establishment  
30 is the subject of a project that was approved by the board.

31 Sec. 87. Section 15J.4, subsection 1, unnumbered paragraph  
32 1, Code 2020, is amended to read as follows:

33 A municipality that has an area suitable for development  
34 within the boundaries of the municipality or within the  
35 combined boundaries of a municipality under section 15J.2,

1 subsection 7, paragraph "c", is eligible to seek approval from  
2 the board to establish a reinvestment district under this  
3 section consisting of the area suitable for development. To  
4 be designated a reinvestment district, an area shall meet the  
5 following requirements:

6 Sec. 88. Section 15J.4, subsection 1, paragraphs c and d,  
7 Code 2020, are amended to read as follows:

8 c. For districts approved before July 1, 2018, the area  
9 consists of contiguous parcels and does not exceed twenty-five  
10 acres in total. For districts approved on or after July 1,  
11 2020, the area consists of contiguous parcels and does not  
12 exceed seventy-five acres in total.

13 d. For a municipality that is a city or for a city that  
14 is party to an agreement under section 15J.2, subsection 7,  
15 paragraph "c", the area does not include the entire incorporated  
16 area of the city.

17 Sec. 89. Section 15J.4, subsection 3, paragraph a, Code  
18 2020, is amended to read as follows:

19 a. The municipality shall submit a copy of the resolution,  
20 the proposed district plan, and all accompanying materials  
21 adopted pursuant to [this section](#) to the board for evaluation.  
22 The board shall not approve a proposed district plan on or  
23 after July 1, ~~2018~~ 2025.

24 Sec. 90. Section 15J.4, subsection 3, paragraph b,  
25 subparagraph (6), Code 2020, is amended to read as follows:

26 (6) The amount of proposed capital investment within the  
27 proposed district related to retail businesses in the proposed  
28 district does not exceed fifty percent of the total capital  
29 investment for all proposed projects in the proposed district  
30 plan. For the purposes of this subparagraph, "*retail business*"  
31 means any business engaged in the business of selling tangible  
32 personal property or taxable services at retail in this state  
33 that is obligated to collect state sales or use tax under  
34 chapter 423. However, for the purposes of this subparagraph,  
35 "*retail business*" does not include a new lessor or a business

1 engaged in an activity subject to tax under section 423.2,  
2 subsection 3.

3 Sec. 91. Section 15J.4, subsection 3, paragraph f, Code  
4 2020, is amended to read as follows:

5 f. (1) The total aggregate amount of state sales tax  
6 revenues and state hotel and motel tax revenues that may be  
7 approved by the board for remittance to all municipalities and  
8 that may be transferred to the state reinvestment district  
9 fund under section 423.2A or 423A.6, and remitted to all  
10 municipalities having a reinvestment district under this  
11 chapter for districts approved by the board before July 1,  
12 2018, shall not exceed one hundred million dollars.

13 (2) The total aggregate amount of state sales tax revenues  
14 and state hotel and motel tax revenues that may be approved by  
15 the board for remittance to all municipalities and that may  
16 be transferred to the state reinvestment district fund under  
17 section 423.2A or 423A.6, and remitted to all municipalities  
18 having a reinvestment district under this chapter for districts  
19 approved on or after July 1, 2020, but before July 1, 2025,  
20 shall not exceed one hundred million dollars.

21 Sec. 92. Section 15J.4, subsections 4 and 5, Code 2020, are  
22 amended to read as follows:

23 4. a. Upon receiving the approval of the board, the  
24 municipality may shall adopt an ordinance, or in the case of  
25 a municipality under section 15J.2, subsection 7, paragraph  
26 "c", a resolution, establishing the district and shall notify  
27 the director of revenue of the district's commencement date  
28 established by the board and the information required under  
29 paragraph "b" no later than thirty days after adoption of the  
30 ordinance or resolution.

31 b. For each district approved by the board on or after July  
32 1, 2020, the municipality shall include in the notification  
33 under paragraph "a" and in the statement required under  
34 paragraph "c" all of the following:

35 (1) For each new retail establishment under section 15J.2,

1 subsection 9, paragraph "b", that was in operation before  
2 the establishment of the district, the monthly amount of  
3 sales subject to the state sales tax from the most recently  
4 available twelve-month period preceding the establishment of  
5 the district.

6 (2) For each new lessor under section 15J.2, subsection 8,  
7 paragraph "b", that was in operation before the establishment  
8 of the district, the monthly amount of sales subject to the  
9 state hotel and motel tax from the most recently available  
10 twelve-month period preceding the establishment of the  
11 district.

12 c. The ordinance or resolution adopted by the municipality  
13 shall include the district's commencement date and a detailed  
14 statement of the manner in which the approved projects to be  
15 undertaken in the district will be financed, including but not  
16 limited to the financial information included in the project  
17 plan under subsection 2, paragraph "d".

18 d. Following establishment of the district, a municipality  
19 may use the moneys deposited in the municipality's reinvestment  
20 project fund created pursuant to section 15J.7 to fund the  
21 development of those projects included within the district  
22 plan.

23 5. A municipality may amend the district plan to add  
24 or modify projects. However, a proposed modification to a  
25 project and each project proposed to be added shall first be  
26 approved by the board in the same manner as provided for the  
27 original plan. In no case, however, shall an amendment to the  
28 district plan result in the extension of the commencement date  
29 established by the board. If a district plan is amended to  
30 add or modify a project, the municipality shall, if necessary,  
31 amend the ordinance or resolution, as applicable, if necessary,  
32 to reflect any changes to the financial information required to  
33 be included under subsection 4.

34 Sec. 93. Section 15J.5, subsection 1, paragraph b, Code  
35 2020, is amended to read as follows:

1     b. (1) The For districts established before July 1,  
2 2020, the amount of new state sales tax revenue for purposes  
3 of paragraph "a" shall be the product of the amount of sales  
4 subject to the state sales tax in the district during the  
5 quarter from new retail establishments times four percent.

6     (2) For districts established on or after July 1, 2020, the  
7 amount of new state sales tax revenue for purposes of paragraph  
8 "a" shall be the product of four percent times the remainder of  
9 amount of sales subject to the state sales tax in the district  
10 during the quarter from new retail establishments minus the sum  
11 of the sales from the corresponding quarter of the twelve-month  
12 period determined under section 15J.4, subsection 4, paragraph  
13 "b", subparagraph (1), for new retail establishments identified  
14 under section 15J.4, subsection 4, paragraph "b", subparagraph  
15 (1), that were in operation at the end of the quarter.

16     Sec. 94. Section 15J.5, subsection 2, paragraph b, Code  
17 2020, is amended to read as follows:

18     b. (1) The For districts established before July 1,  
19 2020, the amount of new state hotel and motel tax revenue for  
20 purposes of paragraph "a" shall be the product of the amount of  
21 sales subject to the state hotel and motel tax in the district  
22 during the quarter from new lessors times the state hotel and  
23 motel tax rate imposed under [section 423A.3](#).

24     (2) For districts established on or after July 1, 2020, the  
25 amount of new state hotel and motel tax revenue for purposes of  
26 paragraph "a" shall be the product of the state hotel and motel  
27 tax rate imposed under section 423A.3 times the remainder of  
28 amount of sales subject to the state hotel and motel tax in the  
29 district during the quarter from new lessors minus the sum of  
30 the sales from the corresponding quarter of the twelve month  
31 period determined under section 15J.4, subsection 4, paragraph  
32 "b", subparagraph (2), for new lessors identified under section  
33 15J.4, subsection 4, paragraph "b", subparagraph (2), that were  
34 in operation at the end of the quarter.

35     Sec. 95. Section 15J.7, subsection 4, paragraph b, Code

1 2020, is amended to read as follows:

2     **b.** For the purposes of **this subsection**, "relocation"  
3 means the closure or substantial reduction of an enterprise's  
4 existing operations in one area of the state and the initiation  
5 of substantially the same operation in the same county or a  
6 contiguous county in the state. However, if the initiation  
7 of operations includes an expanded scope or nature of the  
8 enterprise's existing operations, the new operation shall  
9 not be considered to be substantially the same operation.  
10 "Relocation" does not include an enterprise expanding its  
11 operations in another area of the state provided that existing  
12 operations of a similar nature are not closed or substantially  
13 reduced.

14     Sec. 96. Section 15J.7, subsection 6, Code 2020, is amended  
15 to read as follows:

16     6. Upon dissolution of a district pursuant to **section 15J.8**,  
17 moneys remaining in the reinvestment project fund that were  
18 deposited pursuant to **subsection 2** and all interest remaining  
19 in the fund that was earned on such amounts shall be deposited  
20 in the general fund of the municipality or, for a municipality  
21 under section 15J.2, subsection 7, paragraph "c", the governing  
22 body shall allocate such amounts to the participating cities  
23 and counties for deposit in each city or county general fund  
24 according to the chapter 28E agreement.

25     Sec. 97. Section 15J.8, Code 2020, is amended to read as  
26 follows:

27     **15J.8 End of deposits — district dissolution.**

28     1. As of the date twenty years after the district's  
29 commencement date, the department shall cease to deposit state  
30 sales tax revenues and state hotel and motel tax revenues into  
31 the district's account within the fund, unless the municipality  
32 dissolves the district by ordinance or resolution prior to that  
33 date. Following the expiration of the twenty-year period, the  
34 district shall be dissolved by ordinance or resolution of the  
35 municipality adopted within twelve months of the conclusion of

1 the twenty-year period.

2 2. If the municipality dissolves the district by ordinance  
3 or resolution prior to the expiration of the twenty-year  
4 period specified in subsection 1, the municipality shall  
5 notify the director of revenue of the dissolution as soon as  
6 practicable after adoption of the ordinance or resolution, and  
7 the department shall, as of the effective date of dissolution,  
8 cease to deposit state sales tax revenues and state hotel and  
9 motel tax revenues into the district's account within the fund.

10 3. Upon request of the municipality prior to the dissolution  
11 of the district, and following a determination by the board  
12 that the amounts of new state sales tax revenue and new state  
13 hotel and motel tax revenue deposited in the municipality's  
14 reinvestment project fund under section 15J.7 are substantially  
15 lower than the amounts established by the board under section  
16 15J.4, subsection 3, paragraph "e", the board may extend  
17 the district's twenty-year period of time for depositing and  
18 receiving revenues under this chapter by up to five additional  
19 years if such an extension is in the best interest of the  
20 public.

21 DIVISION X

22 COMPUTER PERIPHERALS

23 Sec. 98. Section 423.1, Code 2020, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 10A. *"Computer peripheral"* means an  
26 ancillary device connected to the computer digitally, by  
27 cable, or by other medium, used to put information into or get  
28 information out of a computer.

29 Sec. 99. Section 423.3, subsection 47, Code 2020, is amended  
30 to read as follows:

31 47. a. The sales price from the sale or rental of  
32 computers, computer peripherals, machinery, equipment,  
33 replacement parts, supplies, and materials used to construct  
34 or self-construct computers, computer peripherals, machinery,  
35 equipment, replacement parts, and supplies, if such items are



1 any of the following:

2 (1) Directly and primarily used in processing by a  
3 manufacturer.

4 (2) Directly and primarily used to maintain the integrity  
5 of the product or to maintain unique environmental conditions  
6 required for either the product or the computers, computer  
7 peripherals, machinery, and equipment used in processing by a  
8 manufacturer, including test equipment used to control quality  
9 and specifications of the product.

10 (3) Directly and primarily used in research and development  
11 of new products or processes of processing.

12 (4) Computers and computer peripherals used in processing  
13 or storage of data or information by an insurance company,  
14 financial institution, or commercial enterprise.

15 (5) Directly and primarily used in recycling or  
16 reprocessing of waste products.

17 (6) Pollution-control equipment used by a manufacturer,  
18 including but not limited to that required or certified by an  
19 agency of this state or of the United States government.

20 *b.* The sales price from the sale of fuel used in creating  
21 heat, power, steam, or for generating electrical current, or  
22 from the sale of electricity, consumed by computers, computer  
23 peripherals, machinery, or equipment used in an exempt manner  
24 described in paragraph "a", subparagraph (1), (2), (3), (5), or  
25 (6).

26 *c.* The sales price from the sale or rental of the following  
27 shall not be exempt from the tax imposed by [this subchapter](#):

28 (1) Hand tools.

29 (2) Point-of-sale equipment, and computers, and computer  
30 peripherals.

31 (3) The following within the scope of section 427A.1,  
32 subsection 1, paragraphs "h" and "i":

33 (a) Computers.

34 (b) Computer peripherals.

35 ~~(b)~~ (c) Machinery.

1    ~~(e)~~ (d) Equipment, including pollution control equipment.  
2    ~~(d)~~ (e) Replacement parts.  
3    ~~(e)~~ (f) Supplies.  
4    ~~(f)~~ (g) Materials used to construct or self-construct the  
5 following:

6    (i) Computers.  
7    (ii) Computer peripherals.  
8    ~~(ii)~~ (iii) Machinery.  
9    ~~(iii)~~ (iv) Equipment, including pollution control  
10 equipment.

11   ~~(iv)~~ (v) Replacement parts.

12   ~~(v)~~ (vi) Supplies.

13   (4) Vehicles subject to registration, except vehicles  
14 subject to registration which are directly and primarily used  
15 in recycling or reprocessing of waste products.

16   *d.* As used in [this subsection](#):

17   (1) "*Commercial enterprise*" means businesses and  
18 manufacturers conducted for profit, for-profit and nonprofit  
19 insurance companies, and for-profit and nonprofit financial  
20 institutions, but excludes other nonprofits and professions and  
21 occupations.

22   (2) "*Financial institution*" means as defined in section  
23 527.2.

24   (3) "*Insurance company*" means an insurer organized or  
25 operating under [chapter 508, 514, 515, 518, 518A, 519](#), or  
26 520, or authorized to do business in Iowa as an insurer or an  
27 insurance producer under [chapter 522B](#).

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

33   (b) "*Manufacturer*" includes contract manufacturers. A  
34 contract manufacturer is a manufacturer that otherwise falls  
35 within the definition of manufacturer, except that a contract

1 manufacturer does not sell the tangible personal property  
2 the contract manufacturer processes on behalf of other  
3 manufacturers.

4 (c) "*Manufacturer*" does not include persons who are not  
5 commonly understood as manufacturers, including but not  
6 limited to persons primarily engaged in any of the following  
7 activities:

- 8 (i) Construction contracting.
- 9 (ii) Repairing tangible personal property or real property.
- 10 (iii) Providing health care.
- 11 (iv) Farming, including cultivating agricultural products  
12 and raising livestock.

13 (v) Transporting for hire.

14 (d) For purposes of this subparagraph:

15 (i) "*Business*" means those businesses conducted for  
16 profit, but excludes professions and occupations and nonprofit  
17 organizations.

18 (ii) "*Manufacturing*" means those activities commonly  
19 understood within the ordinary meaning of the term, and shall  
20 include:

21 (A) Refining.

22 (B) Purifying.

23 (C) Combining of different materials.

24 (D) Packing of meats.

25 (E) Activities subsequent to the extractive process of  
26 quarrying or mining, such as crushing, washing, sizing, or  
27 blending of aggregate materials.

28 (iii) "*Manufacturing*" does not include activities occurring  
29 on premises primarily used to make retail sales.

30 (5) "*Processing*" means a series of operations in which  
31 materials are manufactured, refined, purified, created,  
32 combined, or transformed by a manufacturer, ultimately  
33 into tangible personal property. Processing encompasses  
34 all activities commencing with the receipt or producing of  
35 raw materials by the manufacturer and ending at the point

1 products are delivered for shipment or transferred from the  
2 manufacturer. Processing includes but is not limited to  
3 refinement or purification of materials; treatment of materials  
4 to change their form, context, or condition; maintenance  
5 of the quality or integrity of materials, components, or  
6 products; maintenance of environmental conditions necessary for  
7 materials, components, or products; quality control activities;  
8 and construction of packaging and shipping devices, placement  
9 into shipping containers or any type of shipping devices or  
10 medium, and the movement of materials, components, or products  
11 until shipment from the processor.

12 (6) "*Receipt or producing of raw materials*" means activities  
13 performed upon tangible personal property only. With respect  
14 to raw materials produced from or upon real estate, the receipt  
15 or producing of raw materials is deemed to occur immediately  
16 following the severance of the raw materials from the real  
17 estate.

18 (7) "*Replacement part*" means tangible personal property  
19 other than computers, computer peripherals, machinery,  
20 equipment, or supplies, regardless of the cost or useful life  
21 of the tangible personal property, that meets all of the  
22 following conditions:

23 (a) The tangible personal property replaces a component of  
24 a computer, computer peripheral, machinery, or equipment, which  
25 component is capable of being separated from the computer,  
26 computer peripheral, machinery, or equipment.

27 (b) The tangible personal property performs the same or  
28 similar function as the component it replaced.

29 (c) The tangible personal property restores the computer,  
30 computer peripheral, machinery, or equipment to an operational  
31 condition, or upgrades or improves the efficiency of the  
32 computer, computer peripheral, machinery, or equipment.

33 (8) "*Supplies*" means tangible personal property, other  
34 than computers, computer peripherals, machinery, equipment, or  
35 replacement parts, that meets one of the following conditions:

1 (a) The tangible personal property is to be connected to  
2 a computer, computer peripheral, machinery, or equipment and  
3 requires regular replacement because the property is consumed  
4 or deteriorates during use, including but not limited to saw  
5 blades, drill bits, filters, and other similar items with a  
6 short useful life.

7 (b) The tangible personal property is used in conjunction  
8 with a computer, computer peripheral, machinery, or equipment  
9 and is specially designed for use in manufacturing specific  
10 products and may be used interchangeably and intermittently on  
11 a particular computer, computer peripheral, machine, or piece  
12 of equipment, including but not limited to jigs, dies, tools,  
13 and other similar items.

14 (c) The tangible personal property comes into physical  
15 contact with other tangible personal property used in  
16 processing and is used to assist with or maintain conditions  
17 necessary for processing, including but not limited to cutting  
18 fluids, oils, coolants, lubricants, and other similar items  
19 with a short useful life.

20 (d) The tangible personal property is directly and  
21 primarily used in an activity described in paragraph "a",  
22 subparagraphs (1) through (6), including but not limited to  
23 prototype materials and testing materials.

24 Sec. 100. RESCISSION OF ADMINISTRATIVE RULES.

25 1. The following Iowa administrative rules are rescinded as  
26 of July 1, 2020:

27 a. 701 Iowa administrative code, rule 18.34, subrule 1,  
28 paragraph "b", subparagraph (1).

29 b. 701 Iowa administrative code, rule 18.45, subrule 1,  
30 definition of "computer".

31 c. 701 Iowa administrative code, rule 18.58, subrule 1,  
32 definition of "computer".

33 d. 701 Iowa administrative code, rule 230.14, subrule 2,  
34 paragraph "a".

35 2. As soon as practicable after July 1, 2020, the Iowa

1 administrative code editor shall remove the language of the  
2 Iowa administrative rules referenced in subsection 1 of this  
3 section from the Iowa administrative code.

4 DIVISION XI

5 SCHOOL TUITION ORGANIZATION TAX CREDIT — CORPORATIONS

6 Sec. 101. Section 422.33, subsection 28, Code 2020, is  
7 amended to read as follows:

8 28. The taxes imposed under **this division** shall be reduced  
9 by a school tuition organization tax credit allowed under  
10 section 422.11S. ~~The maximum amount of tax credits that~~  
11 ~~may be approved under **this subsection** for a tax year equals~~  
12 ~~twenty-five percent of the school tuition organization's tax~~  
13 ~~credits that may be approved pursuant to section 422.11S,~~  
14 ~~subsection 8, for a tax year.~~

15 DIVISION XII

16 BROADBAND INFRASTRUCTURE TAXATION

17 Sec. 102. Section 422.7, Code 2020, is amended by adding the  
18 following new subsection:

19 NEW SUBSECTION. 18. *a.* Subtract, to the extent included,  
20 the amount of a federal, state, or local grant provided to  
21 a communications service provider, if the grant is used to  
22 install broadband infrastructure that facilitates broadband  
23 service in targeted service areas at or above the download and  
24 upload speeds.

25 *b.* As used in this subsection, "*broadband infrastructure*",  
26 "*communications service provider*", and "*targeted service area*"  
27 mean the same as defined in section 8B.1, respectively.

28 Sec. 103. Section 422.35, Code 2020, is amended by adding  
29 the following new subsection:

30 NEW SUBSECTION. 26. *a.* Subtract, to the extent included,  
31 the amount of a federal, state, or local grant provided to  
32 a communications service provider, if the grant is used to  
33 install broadband infrastructure that facilitates broadband  
34 service in targeted service areas at or above the download and  
35 upload speeds.

1     *b.* As used in this subsection, "*broadband infrastructure*",  
2 "*communications service provider*", and "*targeted service area*"  
3 mean the same as defined in section 8B.1, respectively.

4     Sec. 104. REFUNDS. Refunds of taxes, interest, or penalties  
5 that arise from claims resulting from the enactment of this  
6 division of this Act, in the tax year beginning January  
7 1, 2019, but before January 1, 2020, shall not be allowed  
8 unless refund claims are filed prior to October 1, 2020,  
9 notwithstanding any other provision of law to the contrary.

10     Sec. 105. EFFECTIVE DATE. This division of this Act, being  
11 deemed of immediate importance, takes effect upon enactment.

12     Sec. 106. RETROACTIVE APPLICABILITY. This division of this  
13 Act applies retroactively to January 1, 2019, and applies to  
14 tax years beginning on or after that date.

15                                   DIVISION XIII

16                                   LOCAL ASSESSORS

17     Sec. 107. Section 441.6, subsection 2, Code 2020, is amended  
18 to read as follows:

19     2. Upon receipt of the report of the examining board, the  
20 chairperson of the conference board shall by written notice  
21 call a meeting of the conference board to appoint an assessor.  
22 The meeting shall be held not later than seven days after the  
23 receipt of the report of the examining board by the conference  
24 board. At the meeting, the conference board shall appoint an  
25 assessor from the register of eligible candidates. However,  
26 if a special examination has not been conducted previously for  
27 the same vacancy, the conference board may request the director  
28 of revenue to hold a special examination pursuant to section  
29 441.7. The chairperson of the conference board shall give  
30 written notice to the director of revenue of the appointment  
31 ~~and its effective date~~ within ten days of the decision of the  
32 board.

33     Sec. 108. Section 441.6, Code 2020, is amended by adding the  
34 following new subsection:

35     NEW SUBSECTION. 3. The appointee selected by the conference

1 board under subsection 2 shall not assume the office of city  
2 or county assessor until such appointment is confirmed by  
3 the director of revenue. If the director of revenue rejects  
4 the appointment, the examining board shall conduct a new  
5 examination and submit a new report to the conference board  
6 under subsection 1. The director of revenue shall adopt rules  
7 pursuant to chapter 17A to implement and administer this  
8 subsection.

9 Sec. 109. Section 441.17, subsection 2, Code 2020, is  
10 amended to read as follows:

11 2. Cause to be assessed, in accordance with [section 441.21](#),  
12 all the property in the assessor's county or city, except  
13 property exempt from taxation, or the assessment of which is  
14 otherwise provided for by law. However, an assessor or deputy  
15 assessor shall not personally assess a property if the person  
16 or a member of the person's immediate family owns the property,  
17 has a financial interest in the property, or has a financial  
18 interest in the entity that owns the property. The director of  
19 revenue shall adopt rules pursuant to chapter 17A to implement  
20 and administer this subsection.

21 Sec. 110. Section 441.41, Code 2020, is amended to read as  
22 follows:

23 **441.41 Legal counsel.**

24 In the case of cities having an assessor, the city legal  
25 department shall represent the assessor and board of review  
26 in all litigation dealing with assessments. In the case of  
27 counties, the county attorney shall represent the assessor and  
28 board of review in all litigation dealing with assessments.  
29 Any taxing district interested in the taxes received from such  
30 assessments may be represented by an attorney and shall be  
31 required to appear by attorney upon written request of the  
32 assessor to the presiding officer of any such taxing district.  
33 The Subject to review and prior approval by either the city  
34 legal department in the case of a city or the county attorney  
35 in the case of a county, the conference board may employ



1 special counsel to assist the city legal department or county  
2 attorney as the case may be.

3 DIVISION XIV

4 PAYCHECK PROTECTION PROGRAM (PPP)

5 Sec. 111. IOWA NET INCOME EXCLUSION FOR FEDERAL PAYCHECK  
6 PROTECTION PROGRAM LOAN FORGIVENESS FOR CERTAIN FISCAL-YEAR  
7 FILERS IN TAX YEAR 2019. Notwithstanding any other provision  
8 of law to the contrary, for any tax year beginning on or after  
9 January 1, 2019, and ending after March 27, 2020, Pub. L. No.  
10 116-136, §1106(i), applies in computing net income for state  
11 tax purposes under section 422.7 or 422.35.

12 Sec. 112. EFFECTIVE DATE. This division of this Act, being  
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION XV

15 FOOD BANKS — SALES TAX EXEMPTION

16 Sec. 113. Section 423.3, Code 2020, is amended by adding the  
17 following new subsection:

18 NEW SUBSECTION. 107. The sales price from the sale or  
19 rental of tangible personal property or specified digital  
20 products, or services furnished, to a nonprofit food bank,  
21 which tangible personal property, specified digital products,  
22 or services are to be used by the nonprofit food bank for a  
23 charitable purpose. For purposes of this subsection, "*nonprofit*  
24 *food bank*" means an organization organized under chapter 504  
25 and qualifying under section 501(c)(3) of the Internal Revenue  
26 Code as an organization exempt from federal income tax under  
27 section 501(a) of the Internal Revenue Code that maintains  
28 an established operation involving the provision of food or  
29 edible commodities or the products thereof on a regular basis  
30 to persons in need or to food pantries, soup kitchens, hunger  
31 relief centers, or other food or feeding centers that, as an  
32 integral part of their normal activities, provide meals or food  
33 on a regular basis to persons in need.

34 DIVISION XVI

35 PRO RATA SHARE OF ENTITY-LEVEL INCOME TAX PAID BY SHAREHOLDERS

OR BENEFICIARIES

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Sec. 114. Section 422.8, subsection 1, Code 2020, is amended to read as follows:

1. a. The amount of income tax paid to another state or foreign country by a resident taxpayer of this state on income derived from sources outside of Iowa shall be allowed as a credit against the tax computed under this chapter, except that the credit shall not exceed what the amount of the Iowa tax would have been on the same income which was taxed by the other state or foreign country. The limitation on this credit shall be computed according to the following formula: Income earned outside of Iowa and taxed by another state or foreign country shall be divided by the total income of the resident taxpayer of Iowa. This quotient multiplied ~~times~~ by the net Iowa tax as determined on the total income of the taxpayer as if entirely earned in Iowa shall be the maximum tax credit against the Iowa net tax.

b. (1) For purposes of paragraph "a", a resident partner of an entity taxed as a partnership for federal tax purposes, a resident shareholder of an S corporation, or a resident beneficiary of an estate or trust shall be deemed to have paid the resident partner's, resident shareholder's, or resident beneficiary's pro rata share of entity-level income tax paid by the partnership, S corporation, estate, or trust to another state or foreign country on income that is also subject to tax under this division, but only if the entity provides the resident partner, resident shareholder, or resident beneficiary a statement that documents the resident partner's, resident shareholder's, or resident beneficiary's share of the income derived in the other state or foreign country, the income tax liability of the entity in that state or foreign country, and the income tax paid by the entity to that state or foreign country.

(2) For purposes of paragraph "a", a resident shareholder of a regulated investment company shall be deemed to have paid the

1 shareholder's pro rata share of entity-level income tax paid by  
2 the regulated investment company to another state or foreign  
3 country and treated as paid by its shareholders pursuant to  
4 section 853 of the Internal Revenue Code, but only if the  
5 regulated investment company provides the resident shareholder  
6 a statement that documents the resident shareholder's share of  
7 the income derived in the other state or foreign country, the  
8 income tax liability of the regulated investment company in  
9 that state or foreign country, and the income tax paid by the  
10 regulated investment company to that state or foreign country.

11 Sec. 115. EFFECTIVE DATE. This division of this Act, being  
12 deemed of immediate importance, takes effect upon enactment.

13 Sec. 116. RETROACTIVE APPLICABILITY. This division of this  
14 Act applies retroactively to January 1, 2020, for tax years  
15 beginning on or after that date.

16 DIVISION XVII

17 IOWA SMALL BUSINESS RELIEF GRANT PROGRAM

18 Sec. 117. Section 422.7, Code 2020, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 59. Subtract, to the extent included,  
21 the amount of any financial assistance grant provided to an  
22 eligible small business by the economic development authority  
23 under the Iowa small business relief grant program created  
24 during calendar year 2020 to provide financial assistance to  
25 eligible small businesses economically impacted by the COVID-19  
26 pandemic.

27 Sec. 118. Section 422.35, Code 2020, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. 26. Subtract, to the extent included,  
30 the amount of any financial assistance grant provided to an  
31 eligible small business by the economic development authority  
32 under the Iowa small business relief grant program created  
33 during calendar year 2020 to provide financial assistance to  
34 eligible small businesses economically impacted by the COVID-19  
35 pandemic.

1     Sec. 119. EFFECTIVE DATE. This division of this Act, being  
2 deemed of immediate importance, takes effect upon enactment.

3     Sec. 120. RETROACTIVE APPLICABILITY. This division of this  
4 Act applies retroactively to March 23, 2020, for tax years  
5 ending on or after that date.

6                                   DIVISION XVIII  
7                                   PORT AUTHORITIES

8     Sec. 121. Section 28J.1, subsections 1 and 3, Code 2020, are  
9 amended to read as follows:

10     1. "*Authorized purposes*" means an activity that enhances,  
11 fosters, aids, provides, or promotes transportation,  
12 infrastructure, utility service, flood and erosion control,  
13 economic development, housing, recreation, education,  
14 governmental operations, culture, or research within the  
15 jurisdiction of a port authority.

16     3. "*City*" means the same as defined in section 362.2, and  
17 also includes a city enterprise as defined in section 384.24.

18     Sec. 122. Section 28J.1, subsection 6, paragraphs d, f, and  
19 g, Code 2020, are amended to read as follows:

20     *d.* The cost of machinery, furnishings, equipment, financing  
21 charges, interest prior to and during construction and for  
22 no more than twelve months after completion of construction,  
23 engineering, architectural services, technical services,  
24 preliminary reports, property valuations, consequential  
25 damages or costs, provisions for contingencies, supervision,  
26 inspection, testing, and expenses of research and development  
27 with respect to a facility.

28     *f.* The interest upon the revenue bonds, and pledge  
29 orders, loan agreements, lease contracts, and certificates of  
30 participation in or other participatory interests or evidences  
31 of any obligation under a loan agreement or lease contract,  
32 during the period or estimated period of construction and  
33 for twelve months thereafter, or for twelve months after the  
34 acquisition date, and upon reserve funds as the port authority  
35 deems advisable in connection with a facility and the issuance

1 of port authority revenue bonds, ~~and~~ pledge orders, loan  
2 agreements, lease contracts, and certificates of participation  
3 in or other participatory interests or evidences of any  
4 obligation under a loan agreement or lease contract.

5 g. The costs of issuance of port authority revenue bonds,  
6 ~~and~~ pledge orders, loan agreements, lease contracts, and  
7 certificates of participation in or other participatory  
8 interests or evidences of any obligations under a loan  
9 agreement or lease contract.

10 Sec. 123. Section 28J.1, subsections 7 and 8, Code 2020, are  
11 amended to read as follows:

12 7. "*Facility*" or "*port authority facility*" means any  
13 public works project, intermodal freight or transportation  
14 facility, project for which tax-exempt financing is authorized  
15 by the Internal Revenue Code, and real or personal property  
16 or improvements owned, leased, constructed, or otherwise  
17 controlled or financed by or for a port authority and that  
18 is related to or in furtherance of one or more authorized  
19 purposes.

20 8. "*Governmental agency*" means a department, division,  
21 or other unit of state government of this state or any other  
22 state, ~~city, county,~~ any political subdivision, township, or  
23 other governmental subdivision, or any city utility, any other  
24 public corporation, special purpose district, authority, or  
25 agency created under the laws of this state, any other state,  
26 the United States, or any department or agency thereof, or any  
27 agency, commission, or authority established pursuant to an  
28 interstate compact or agreement or combination thereof.

29 Sec. 124. Section 28J.1, Code 2020, is amended by adding the  
30 following new subsection:

31 NEW SUBSECTION. 8A. "*Net revenues*" means revenues less  
32 operating expenses.

33 Sec. 125. Section 28J.1, subsections 11, 12, and 14, Code  
34 2020, are amended to read as follows:

35 11. "*Political subdivision*" means a ~~city, county,~~

1 ~~city-county consolidation, or multicounty consolidation, or~~  
2 ~~combination thereof~~ municipality as defined in section 16.151.

3 12. *“Political subdivisions comprising the port authority”*  
4 means ~~the each~~ political subdivisions subdivision which created  
5 or participated in the creation of the port authority under  
6 section 28J.2, or which joined an existing port authority under  
7 section 28J.4.

8 14. *“Port authority revenue bonds”* or “revenue bonds” means  
9 revenue bonds and revenue refunding bonds issued pursuant to  
10 section 28J.21.

11 Sec. 126. Section 28J.1, Code 2020, is amended by adding the  
12 following new subsection:

13 NEW SUBSECTION. 15A. *“Public works project”* means a  
14 project of a type that a political subdivision is authorized  
15 to undertake as otherwise provided by law, including  
16 but not limited to public roads and other transportation  
17 infrastructure, utility systems such as water treatment  
18 facilities and sewage treatment facilities, or a project as  
19 defined in section 384.80.

20 Sec. 127. Section 28J.1, subsection 16, Code 2020, is  
21 amended to read as follows:

22 16. *“Revenues”* means ~~rental~~ rents, fees, income, rates,  
23 tolls, receipts, and other charges or revenues received by a  
24 port authority or derived from the operations of a facility  
25 or for the use or services of a facility, a gift or grant  
26 received with respect to a facility, moneys received with  
27 respect to the lease, sublease, sale, including installment  
28 sale or conditional sale, or other disposition of a facility,  
29 moneys received in repayment of and for interest on any  
30 loans made by the port authority to a person or governmental  
31 agency, proceeds of port authority revenue bonds for payment  
32 of principal, premium, or interest on the bonds authorized  
33 by the port authority, proceeds or borrowings under port  
34 authority loan agreements for payment of principal, premium,  
35 or interest on the port authority obligations thereunder,

1 proceeds or borrowings under lease contracts for the payment of  
2 lease payments thereunder, proceeds under any certificates of  
3 participation in or other participatory interests or evidences  
4 of any obligations under a loan agreement or lease contract,  
5 proceeds from any insurance, condemnation, or guarantee  
6 pertaining to the financing of the facility, and income and  
7 profit from the investment of the proceeds of port authority  
8 revenue bonds, proceeds, or borrowings under loan agreements,  
9 lease contracts, or proceeds of certificates of participation  
10 in or other participatory interests or evidences of any  
11 obligation under any loan agreement or lease contract or of any  
12 revenues.

13 Sec. 128. Section 28J.2, subsection 1, Code 2020, is amended  
14 to read as follows:

15 1. ~~The~~ One or more political subdivisions may by resolution  
16 create a port authority under this chapter ~~by resolution~~  
17 anywhere in this state, regardless of proximity to a body of  
18 water. If a proposal to create a port authority receives a  
19 favorable majority of the members of the elected legislative  
20 body of each of the political subdivisions, the port authority  
21 is created at the time provided in the resolution. The  
22 jurisdiction of a port authority includes the territory  
23 described in section 28J.8.

24 Sec. 129. Section 28J.2, Code 2020, is amended by adding the  
25 following new subsection:

26 NEW SUBSECTION. 5. A port authority is an entity separate  
27 from the political subdivisions comprising the port authority.  
28 The powers granted to the port authority pursuant to this  
29 chapter are in addition to other powers, and constitute  
30 independent powers that may be exercised by the port authority  
31 whether or not the political subdivisions comprising the  
32 port authority have or may exercise any of those powers  
33 individually.

34 Sec. 130. Section 28J.3, subsection 1, Code 2020, is amended  
35 to read as follows:

1 1. The political subdivisions comprising a port authority  
2 may appropriate and expend public funds and make contributions  
3 to the port authority to finance or subsidize the operation and  
4 authorized purposes of the port authority and pay the costs  
5 and expenses incurred by the port authority in carrying out  
6 any operations or authorized purposes of the port authority.  
7 Political subdivisions comprising the port authority may  
8 enter into agreements with each other or the port authority  
9 providing for the contributions to the port authority to be  
10 made by each of the political subdivisions and providing for  
11 the obligations of each of the political subdivisions to pay,  
12 finance, or subsidize the costs and expenses incurred by the  
13 port authority. Political subdivisions comprising the port  
14 authority may, by resolution, authorize and appropriate funds  
15 for any contribution, payment, or financing required to be  
16 made under such agreement by the use of any method available  
17 to government agencies for providing funds or financing under  
18 section 28J.16. A port authority shall control tax revenues  
19 allocated to the facilities the port authority administers and  
20 all revenues derived from the operation of the port authority,  
21 the sale of its property, interest on investments, or from any  
22 other source related to the port authority.

23 Sec. 131. Section 28J.5, subsections 1, 2, and 5, Code 2020,  
24 are amended to read as follows:

25 1. A port authority created pursuant to [section 28J.2](#) shall  
26 be governed by a board of directors. Members of a board of  
27 directors of a port authority created by two or more political  
28 subdivisions shall be divided among the political subdivisions  
29 comprising the port authority in such proportions as the  
30 political subdivisions may agree and shall be appointed by the  
31 respective political subdivision's elected legislative body.  
32 Members of a board of directors of a port authority created by  
33 one political subdivision shall be appointed by the political  
34 subdivision's governing body.

35 2. The number of directors comprising the board of a port



1 authority created by two or more political subdivisions shall  
2 be determined by agreement between the political subdivisions  
3 comprising the port authority, and which. The number of  
4 directors comprising the board of directors of a port authority  
5 created by one political subdivision shall consist of the  
6 number of directors the political subdivision considers  
7 necessary. The number may be changed by resolution of each  
8 of the political subdivisions comprising the port authority  
9 and in accordance with any agreement between the political  
10 subdivisions comprising the port authority.

11 5. The board may provide procedures for the removal of a  
12 director who fails to attend three consecutive regular meetings  
13 of the board. If a director is so removed, a successor shall  
14 be appointed for the remaining term of the removed director in  
15 the same manner provided for the original appointment. ~~The~~  
16 ~~appointing body~~ Any political subdivisions comprising the port  
17 authority may at any time remove a director appointed by it for  
18 misfeasance, nonfeasance, or malfeasance in office and appoint  
19 a successor for the remaining term of the removed director in  
20 the same manner as provided for by the original appointment.

21 Sec. 132. Section 28J.8, subsection 1, Code 2020, is amended  
22 to read as follows:

23 1. The area of jurisdiction of a port authority shall  
24 include all of the territory of the port authority facility and  
25 of the political subdivisions comprising the port authority  
26 and, if the port authority owns or leases a railroad line or  
27 airport, the territory on which the railroad's line, terminals,  
28 and related facilities or the airport's runways, terminals,  
29 and related facilities are located, regardless of whether the  
30 territory is located in the political subdivisions comprising  
31 the port authority.

32 Sec. 133. Section 28J.9, subsections 4, 8, and 10, Code  
33 2020, are amended to read as follows:

34 4. Acquire, construct, furnish, equip, maintain, repair,  
35 sell, exchange, lease, lease with an option to purchase,

1 convey interests in real or personal property, and operate any  
2 property of the port authority within or outside the territory  
3 of the political subdivisions comprising the port authority in  
4 furtherance of any authorized purpose, including in connection  
5 with transportation, recreational, governmental operations, or  
6 cultural activities ~~in furtherance of an authorized purpose.~~

7 8. Issue port authority revenue bonds beyond the limit  
8 of bonded indebtedness provided by law, payable solely from  
9 revenues as provided in [section 28J.21](#), and enter into loan  
10 agreements and lease contracts as provided in section 28J.21A,  
11 for the purpose of providing funds to pay the costs of any  
12 facility or facilities of the port authority or parts thereof.

13 10. Enjoy and possess the same legislative and executive  
14 rights, privileges, and powers granted cities under ~~chapter~~  
15 chapters 28F, 364, and 384, and counties under [chapter 331](#),  
16 including the exercise of police power but excluding the power  
17 to levy taxes.

18 Sec. 134. Section 28J.11, subsection 2, Code 2020, is  
19 amended to read as follows:

20 2. Impair the powers of a political subdivision to develop  
21 or improve a port ~~and terminal~~ authority facility except as  
22 restricted by [section 28J.15](#).

23 Sec. 135. Section 28J.13, Code 2020, is amended to read as  
24 follows:

25 **28J.13 Annual budget — use of rents and charges.**

26 The board shall annually prepare a budget for the port  
27 authority. Revenues received by the port authority shall be  
28 used for the general expenses of the port authority and to  
29 pay interest, amortization, and retirement charges on, and  
30 principal of, money borrowed and to make payments under lease  
31 contracts. Except as provided in [section 28J.26](#), if there  
32 remains, at the end of any fiscal year, a surplus of such funds  
33 after providing for the above uses, the board shall pay such  
34 surplus into the general funds of the political subdivisions  
35 comprising the port authority as agreed to by the subdivisions.

1     Sec. 136. Section 28J.15, Code 2020, is amended to read as  
2 follows:

3     **28J.15 Limitation on certain powers of political**  
4 **subdivisions.**

5     A political subdivision creating or participating in the  
6 creation of a port authority in accordance with [section 28J.2](#)  
7 shall not, during the time the port authority is in existence,  
8 exercise the rights and powers provided in [chapters 28A, 28K,](#)  
9 and [384](#) relating to the political subdivision's authority over  
10 a port, wharf, dock, harbor, or other facility substantially  
11 similar to that political subdivision's authority under a port  
12 authority granted under [this chapter](#), except as provided in  
13 section 28J.2.

14     Sec. 137. Section 28J.16, subsection 1, paragraphs a and c,  
15 Code 2020, are amended to read as follows:

16     a. A port authority may charge, alter, and collect ~~rental~~  
17 rents, fees, or other charges or revenues for the use or  
18 services of any port authority facility and contract for the  
19 use or services of a facility, and fix the terms, conditions,  
20 ~~rental~~ rents, fees, or other charges for the use or services.

21     c. The rental rents, fees, or other charges, and other  
22 revenues of a port authority shall not be subject to  
23 supervision or regulation by any other authority, commission,  
24 board, bureau, or governmental agency of the state and the  
25 contract may provide for acquisition of all or any part of  
26 the port authority facility for such consideration payable  
27 over the period of the contract or otherwise as the port  
28 authority determines to be appropriate, but subject to the  
29 provisions of any resolution authorizing the issuance of port  
30 authority revenue bonds, loan agreements, lease contracts,  
31 or certificates of participation in or other participatory  
32 interests or evidences of any obligations under a loan  
33 agreement or lease contract, or of any trust agreement securing  
34 the bonds, loan agreements, lease contracts, or certificates of  
35 participation in or other participatory interests or evidences

1 of any obligation under a loan agreement or lease contract.

2 Sec. 138. Section 28J.16, subsection 2, paragraph a, Code  
3 2020, is amended to read as follows:

4 a. A governmental agency may cooperate with the port  
5 authority in the acquisition, operation, or construction of a  
6 port authority facility and shall enter into such agreements  
7 with the port authority as may be appropriate, which shall  
8 provide for contributions by the parties in a proportion as may  
9 be agreed upon and other terms as may be mutually satisfactory  
10 to the parties including the authorization of the construction  
11 of the facility by one of the parties acting as agent for all  
12 of the parties and the ownership, operation, and control of  
13 the facility by the port authority to the extent necessary or  
14 appropriate.

15 Sec. 139. Section 28J.17, subsection 1, paragraph a, Code  
16 2020, is amended to read as follows:

17 a. A port authority may enter into a contract or other  
18 arrangement with a person, railroad, utility company,  
19 corporation, governmental agency including sewerage, drainage,  
20 conservation, conservancy, or other improvement districts in  
21 this or other states, or the governments or agencies of foreign  
22 countries as may be necessary or convenient for the exercise  
23 of the powers granted by [this chapter](#). The port authority  
24 may purchase, lease, or acquire land or other property in  
25 any county of this state and in adjoining states for the  
26 accomplishment of authorized purposes of the port authority, or  
27 for the improvement of ~~the harbor and~~ port authority facilities  
28 over which the port authority may have jurisdiction including  
29 development of port authority facilities in adjoining states.  
30 The authority granted in [this section](#) to enter into contracts  
31 or other arrangements with the federal government includes the  
32 power to enter into any contracts, arrangements, or agreements  
33 that may be necessary to hold and save harmless the United  
34 States from damages due to the construction and maintenance by  
35 the United States of work the United States undertakes.

1     Sec. 140. Section 28J.19, Code 2020, is amended to read as  
2 follows:

3     **28J.19 Property tax exemption.**

4     A port authority shall be exempt from and shall not be  
5 required to pay taxes on real property that is purchased by a  
6 port authority or real property belonging to a port authority  
7 that is used exclusively for an authorized purpose, as provided  
8 in [section 427.1, subsection 34](#).

9     Sec. 141. NEW SECTION. **28J.21A Loan agreements — lease**  
10 **contracts — trust agreements.**

11     1. *Definitions.* As used in this section, unless the context  
12 otherwise requires:

13     *a. "Lease contract"* includes any certificates of  
14 participation or other participatory interests in the lease  
15 contract or obligations arising out of the lease contract.

16     *b. "Loan agreement"* includes any notes, certificates, or any  
17 other participatory interests issued to evidence the parties'  
18 obligations arising out of the loan agreement.

19     2. *Loan agreements.* A port authority may enter into loan  
20 agreements to borrow money to pay the costs of any facility, or  
21 parts thereof, or to refund other obligations which are payable  
22 from the net revenues of the port authority at lower, the same,  
23 or higher rates of interest in accordance with the all of the  
24 following terms and procedures:

25     *a.* A loan agreement entered into by a port authority may  
26 contain provisions similar to those in loan agreements between  
27 private parties, including but not limited to any of the  
28 following:

29         (1) The loan agreement may provide for the issuance  
30 of notes, certificates of participation, or any other  
31 participatory interests to evidence the parties' obligations.

32         (2) The loan agreement may provide for maturity in one or  
33 more installments.

34         (3) The loan agreement may be in registered form and carry  
35 registration and conversion privileges.

1 (4) The loan agreement may be payable as to principal and  
2 interest at times and places as specified.

3 (5) The loan agreement may be subject to terms of redemption  
4 prior to maturity with or without a premium.

5 (6) The loan agreement may be in one or more denominations.

6 *b.* A provision of a loan agreement which stipulates that  
7 a portion of the payments be applied as interest is subject  
8 to chapter 74A and such interest may be at a variable rate or  
9 rates changing from time to time in accordance with a base or  
10 formula. Other laws relating to interest rates do not apply  
11 and the provisions of chapter 75 are not applicable.

12 *c.* The board may authorize a loan agreement to be  
13 payable solely from the net revenues of a port authority by  
14 substantially following the authorization procedures of section  
15 28J.21 for the issuance of revenue bonds. The resolution  
16 authorizing the loan agreement may also prescribe additional  
17 provisions, terms, conditions, and covenants that the port  
18 authority deems advisable, consistent with this chapter,  
19 including provisions for creating and maintaining reserve  
20 funds and for the authorization of additional loan agreements  
21 ranking on a parity with such loan agreements and additional  
22 loan agreements junior and subordinate to such loan agreement,  
23 and that such loan agreement shall rank on a parity with or  
24 be junior and subordinate to any loan agreement which may be  
25 then outstanding. A port authority loan agreement shall be  
26 a contract between the port authority and the lender and the  
27 resolution shall be made part of the contract.

28 *d.* A loan agreement to which a port authority is a party  
29 is an obligation of the political subdivisions comprising the  
30 port authority for the purposes of chapters 502 and 636, and  
31 is a lawful investment for any bank, trust company, savings  
32 association, deposit guaranty association, investment company,  
33 insurance company, insurance association, executor, guardian or  
34 trustee, and any fiduciary responsible for the investment of  
35 funds or having charge of the loan retirement funds or sinking

1 funds of any port authority, governmental agency, or taxing  
2 district of this state, any pension and annuity retirement  
3 system, the Iowa public employees' retirement system, the  
4 police officers and fire fighters retirement systems under  
5 chapters 410 and 411, or a revolving fund of a governmental  
6 agency of this state, and are acceptable as security for the  
7 deposit of public funds under chapter 12C.

8     3. *Lease contracts.* A port authority may enter into lease  
9 contracts for real or personal property comprising a port  
10 authority facility, or parts thereof, in accordance with all of  
11 the following terms and procedures:

12     a. A port authority shall lease property only for a term  
13 which does not exceed the economic life of the property, as  
14 determined by the board.

15     b. A lease contract entered into by a port authority may  
16 contain provisions similar to those found in lease contracts  
17 between private parties, including but not limited to any of  
18 the following:

19         (1) The lease contract may provide for the issuance of  
20 certificates of participation or other participatory interests  
21 in the lease contracts or any obligations thereunder.

22         (2) The lease contract may provide for the lessee to pay any  
23 of the costs of operation or ownership of the leased property  
24 and for the right to purchase the leased property.

25     c. A provision of a lease contract which stipulates that a  
26 portion of the rent or lease payments be applied as interest  
27 is subject to the provisions of chapter 74A and such interest  
28 may be at a variable rate or rates changing from time to time  
29 in accordance with a base or formula. Other laws relating to  
30 interest rates shall not apply and the provisions of chapter  
31 75 are not applicable.

32     d. The board may authorize a lease contract payable solely  
33 from the net revenues of a port authority by substantially  
34 following the authorization procedures set forth in section  
35 28J.21 for the issuance of port authority revenue bonds. The

1 resolution authorizing the lease contract may also prescribe  
2 additional provisions, terms, conditions, and covenants which  
3 the port authority deems advisable, consistent with this  
4 chapter, including provisions for creating and maintaining  
5 reserve funds and the authorization of additional lease  
6 contracts ranking on a parity with such lease contracts and  
7 additional lease contracts junior and subordinate to such lease  
8 contracts, and that such lease contracts shall rank on a parity  
9 with or be junior and subordinate to any lease contract which  
10 may be then outstanding. A port authority lease contract shall  
11 be a contract between the port authority and the lessor and the  
12 resolution shall be part of the contract.

13 e. A lease contract to which a port authority is a party  
14 is an obligation of the political subdivisions comprising the  
15 port authority for the purposes of chapters 502 and 636, and  
16 is a lawful investment for any bank, trust company, savings  
17 association, deposit guaranty association, investment company,  
18 insurance company, insurance association, executor, guardian or  
19 trustee, and any fiduciary responsible for the investment of  
20 funds or having charge of the lease retirement funds or sinking  
21 funds of any port authority, governmental agency or taxing  
22 district of this state, any pension and annuity retirement  
23 system, the Iowa public employees' retirement system, the  
24 police officers and fire fighters retirement systems under  
25 chapters 410 and 411, or a revolving fund of a governmental  
26 agency of this state, and are acceptable as security for the  
27 deposit of public funds under chapter 12C.

28 f. A contract for construction by a private party of  
29 property to be leased by a port authority is not a contract for  
30 a public improvement and shall not be subject to the provisions  
31 of chapter 26 and section 28J.3, subsection 3. This paragraph  
32 applies to all contracts that are subject to this subsection,  
33 notwithstanding section 28J.9, subsection 18, or any other  
34 provision of law that might otherwise apply, including a  
35 requirement of notice, competitive bidding or selection, or



1 for the provision of security. However, if a contract is  
2 funded in advance by means of the lessor depositing moneys to  
3 be administered by a port authority with the port authority's  
4 obligation to make rent or lease payments commencing with  
5 its receipt of moneys, a contract for construction of the  
6 property in question awarded by the port authority is a public  
7 improvement and is subject to the provisions of chapter 26.

8     4. *Trust agreements.*

9     a. In the discretion of the port authority, a loan agreement  
10 or a lease contract authorized under this section and the port  
11 authority's obligations thereunder may be secured by a trust  
12 agreement between the port authority and a corporate trustee  
13 that may be any trust company or bank having the powers of a  
14 trust company within this or any other state. Subject to the  
15 other provisions of this paragraph, the corporate trustee may  
16 also be the lender under a loan agreement or the lessor under a  
17 lease contract authorized under this section.

18     b. The trust agreement may provide for the issuance of  
19 notes to evidence the port authority's obligations under a loan  
20 agreement to which the port authority is a party. The trust  
21 agreement may also provide for the issuance of certificates  
22 of participation or other participatory interests in a lease  
23 contract to which a port authority is a party. The trust  
24 agreement, or any resolution authorizing the loan agreement or  
25 the lease contract, may pledge or assign revenues of the port  
26 authority to be received as payment of obligations under the  
27 loan agreement or the lease contract and may contain provisions  
28 for protecting and enforcing the rights and remedies of the  
29 lender, the lessor, or the holders of notes evidencing the  
30 port authority's obligations under the loan agreement. These  
31 provisions may include covenants setting forth the duties of  
32 the port authority in relation to the acquisition of property,  
33 the construction, improvement, maintenance, repair, operation,  
34 and insurance of the port authority facility in connection  
35 with which the loan agreement or the lease contract is

1 authorized, the rentals or other charges to be imposed for the  
2 use or services of any port authority facility, the custody,  
3 safeguarding, and application of all moneys, and provisions for  
4 the employment of consulting engineers in connection with the  
5 construction or operation of any port authority facility.

6     *c.* A bank or trust company incorporated under the laws  
7 of this state that acts as the depository of the proceeds or  
8 borrowings provided under the loan agreement or lease contract  
9 or of revenues, shall furnish any indemnifying bonds and may  
10 pledge any securities that are required by the port authority.  
11 The trust agreement may set forth the rights and remedies of  
12 the lender, the lessor, or the holders of notes evidencing the  
13 port authority's obligations under the loan agreement and may  
14 restrict the individual right of action by the lender, the  
15 lessor, or the holders of notes evidencing the port authority's  
16 obligations under the loan agreement as is customary in trust  
17 agreements or trust indentures securing similar loan agreements  
18 or lease contracts. The trust agreement may contain any other  
19 provisions that the port authority determines reasonable and  
20 proper for the security of the lender, the lessor, or the  
21 holders of notes evidencing the port authority's obligations  
22 under the loan agreement. All expenses incurred in carrying  
23 out the provisions of the trust agreement may be treated as  
24 a part of the cost of the operation of the port authority  
25 facility.

26     5. *Exclusions.* Port authority loan agreements and lease  
27 contracts authorized under this chapter shall not constitute  
28 a debt, indebtedness, or a pledge of the faith and credit of  
29 the port authority or the state or any political subdivision  
30 of the state, within the meaning of any state constitutional  
31 provision or statutory limitation, nor constitute or give rise  
32 to a pecuniary liability of the port authority, any political  
33 subdivisions comprising the port authority, the state, or  
34 any political subdivision of the state, or a charge against  
35 the general credit or taxing power of the port authority.

1 Any political subdivisions comprising the port authority,  
 2 the state, or any political subdivision of the state, and  
 3 the holders or owners of the obligations owed under a loan  
 4 agreement or lease contract shall not have taxes levied by the  
 5 state or by a taxing authority of a governmental agency of the  
 6 state for the payment of the principal of or interest owed on  
 7 such obligations. However, a loan agreement or lease contract  
 8 and the obligation owed thereunder are payable solely from the  
 9 revenues and funds pledged for their payment as authorized  
 10 by this chapter. All loan agreements and lease contracts  
 11 authorized under this chapter and the evidence of obligations  
 12 owed under such loan agreements or lease contracts such shall  
 13 contain a statement to the effect that the loan agreement or  
 14 lease contract authorized under this chapter and the evidence  
 15 of obligations owed under the loan agreement or lease contract,  
 16 as to both principal and interest, are not debts of the port  
 17 authority or the state or any political subdivision of the  
 18 state, but are payable solely from revenues and funds pledged  
 19 for their payment.

20 6. *Judicial proceedings.*

21 a. The sole remedy for a breach or default of a term of  
 22 any port authority loan agreement or lease contract authorized  
 23 under this chapter is a proceeding in law or in equity by  
 24 suit, action, or mandamus to enforce and compel performance of  
 25 the duties required by this chapter and of the terms of the  
 26 resolution authorizing the loan agreement or lease contract,  
 27 or to obtain the appointment of a receiver to take possession  
 28 of and operate the port authority and to perform the duties  
 29 required by this chapter and the terms of the resolution  
 30 authorizing the loan agreement or lease contract.

31 b. An action shall not be brought after fifteen days from  
 32 the time the loan agreement or lease contract is authorized by  
 33 the port authority with regards to any of the following:

34 (1) The legality of the port authority loan agreement or  
 35 lease contract.

1 (2) The power of a port authority to authorize the port  
2 authority loan agreement or lease contract.

3 (3) The effectiveness of any proceedings relating to the  
4 authorization of the port authority loan agreement or lease  
5 contract.

6 Sec. 142. Section 28J.25, Code 2020, is amended to read as  
7 follows:

8 **28J.25 Funds and property held in trust — use and deposit of**  
9 **funds.**

10 All revenues, funds, properties, and assets acquired by the  
11 port authority under [this chapter](#), whether as proceeds from the  
12 sale of port authority revenue bonds, pledge orders, borrowings  
13 under a loan agreement, entering into a lease contract,  
14 proceeds from the issuance of certificates of participation  
15 or any other participatory interests in such loan agreement  
16 or lease contract or as revenues, shall be held in trust for  
17 the purposes of carrying out the port authority's powers and  
18 duties, shall be used and reused as provided in [this chapter](#),  
19 and shall at no time be part of other public funds. Such funds,  
20 except as otherwise provided in a resolution authorizing port  
21 authority revenue bonds or pledge orders, the loan agreement or  
22 lease contract, or in a trust agreement securing the same, or  
23 except when invested pursuant to [section 28J.26](#), shall be kept  
24 in depositories selected by the port authority in the manner  
25 provided in [chapter 12C](#), and the deposits shall be secured  
26 as provided in that chapter. The resolution authorizing the  
27 issuance of revenue bonds or pledge orders, the loan agreement  
28 or lease contract, or the trust agreement securing such bonds  
29 or pledge orders, shall provide that any officer to whom, or  
30 any bank or trust company to which, such moneys are paid shall  
31 act as trustee of such moneys and hold and apply them for the  
32 purposes hereof, subject to such conditions as [this chapter](#) and  
33 such resolution or trust agreement provide.

34 Sec. 143. Section 28J.26, subsection 1, Code 2020, is  
35 amended to read as follows:

1 1. If a port authority has surplus funds after making all  
2 deposits into all funds required by the terms, covenants,  
3 conditions, and provisions of outstanding revenue bonds, pledge  
4 orders, loan agreements, or lease contracts and refunding bonds  
5 which are payable from the revenues of the port authority  
6 and after complying with all of the requirements, terms,  
7 covenants, conditions, and provisions of the proceedings and  
8 resolutions pursuant to which revenue bonds, pledge orders,  
9 and refunding bonds are issued or the loan agreement or lease  
10 contract is authorized, the board may transfer the surplus  
11 funds to any other fund of the port authority in accordance  
12 with [this chapter](#) and [chapter 12C](#), provided that a transfer  
13 shall not be made if it conflicts with any of the requirements,  
14 terms, covenants, conditions, or provisions of a resolution  
15 authorizing the issuance of revenue bonds, pledge orders,  
16 or other obligations ~~which are~~ or loan agreements or lease  
17 contracts payable from the revenues of the port authority which  
18 are then outstanding.

19 Sec. 144. Section 427.1, subsection 34, Code 2020, is  
20 amended to read as follows:

21 34. *Port authority property.* The property of a port  
22 authority created pursuant to [section 28J.2](#), when devoted to  
23 public use and not held for pecuniary profit, or property  
24 purchased by a port authority.

25 DIVISION XIX

26 FOOD OPERATION TRESPASS

27 Sec. 145. Section 716.7A, subsection 1, paragraph d, as  
28 enacted by 2020 Iowa Acts, Senate File 2413, section 17, is  
29 amended to read as follows:

30 d. (1) "*Food operation*" means any of the following:

31 ~~(1)~~ (a) A location where a food animal is produced,  
32 maintained, or otherwise housed or kept, or processed in any  
33 manner.

34 ~~(2)~~ (b) A location other than as described in subparagraph  
35 ~~(1)~~ division (a) where a food animal is kept, including an

1 apiary, livestock market, vehicle or trailer attached to a  
2 vehicle, fair, exhibition, or a business operated by a person  
3 licensed to practice veterinary medicine pursuant to chapter  
4 169.

5     ~~(3)~~ (c) A location where a meat food product, poultry  
6 product, milk or milk product, eggs or an egg product, aquatic  
7 product, or honey is prepared for human consumption, including  
8 a food processing plant, a slaughtering establishment operating  
9 under the provisions of 21 U.S.C. §451 et seq. or 21 U.S.C.  
10 §601 et seq.; or a slaughtering establishment subject to state  
11 inspection as provided in chapter 189A.

12     ~~(4)~~ (2) A "Food operation" does not include a food  
13 establishment or farmers market ~~that sells or offers for sale a~~  
14 ~~meat food product, poultry product, milk or milk product, eggs~~  
15 ~~or an egg product, aquatic product, or honey.~~

16     Sec. 146. EFFECTIVE DATE. This division of this Act, being  
17 deemed of immediate importance, takes effect upon enactment.

18     Sec. 147. RETROACTIVE APPLICABILITY. This division of this  
19 Act applies retroactively to June 10, 2020.