

**Senate File 580 - Reprinted**

SENATE FILE 580  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 571)  
(SUCCESSOR TO SF 402)

(As Amended and Passed by the Senate March 17, 2021)

**A BILL FOR**

1 An Act prohibiting the state or a political subdivision of the  
2 state from entering into contracts with, or providing tax  
3 incentives or specified benefits to, certain companies that  
4 censor online content, and including effective date and  
5 applicability provisions.

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

1 Section 1. Section 15A.1, subsection 2, Code 2021, is  
2 amended by adding the following new paragraphs:

3 NEW PARAGRAPH. e. Whether a court has found by a  
4 preponderance of the evidence that the person to whom the funds  
5 will be dispersed has violated a provision of chapter 554E.

6 NEW PARAGRAPH. f. Whether the person to whom the funds will  
7 be dispersed is involved in litigation in which it has been  
8 alleged that the person has violated a provision of chapter  
9 554E.

10 Sec. 2. Section 24.17, subsection 2, Code 2021, is amended  
11 to read as follows:

12 2. a. One copy of the budget shall be retained on file  
13 in the office by the county auditor and the other shall be  
14 certified by the county auditor to the state board. The  
15 department of management shall certify the taxes back to the  
16 county auditor by June 15.

17 b. For budgets for fiscal years beginning on or after  
18 July 1, 2021, if a political subdivision that is a city,  
19 county, school district, or township has been found to have  
20 intentionally violated a provision of chapter 554E during the  
21 twelve-month period prior to the date taxes are certified back  
22 to the county auditor under paragraph "a", the amount of the  
23 political subdivision's budget certified under this chapter and  
24 the amount of taxes certified back to the county auditor by the  
25 department of management, including any amounts received as  
26 replacement taxes under chapter 437A or 437B, shall be reduced  
27 by ten percent. Once a political subdivision has been found  
28 to have violated a provision of chapter 554E and the amount  
29 of the political subdivision's budget certified under this  
30 chapter and the amount of taxes certified back to the county  
31 auditor by the department of management, including any amounts  
32 received as replacement taxes under chapter 437A or 437B, have  
33 been reduced by ten percent, if the political subdivision fails  
34 to remedy the violation of chapter 554E prior to January 31 of  
35 any subsequent fiscal year, the percentage reduction of the

1 political subdivision's budget certified under this chapter  
2 and the amount of taxes certified back by the department of  
3 revenue, including any amounts received as replacement taxes  
4 under chapter 437A or 437B, shall be reduced by a percentage  
5 equal to the total reduction for the preceding fiscal year plus  
6 five percent.

7 Sec. 3. Section 331.433A, subsection 4, paragraph a,  
8 unnumbered paragraph 1, Code 2021, is amended to read as  
9 follows:

10 The board shall set a time and place for a public hearing  
11 on the resolution before the date for adoption of the  
12 resolution and shall publish notice of the hearing not less  
13 than ten nor more than twenty days prior to the hearing in the  
14 county newspapers selected under [chapter 349](#). If the county  
15 has an internet site, the notice shall also be posted and  
16 clearly identified on the county's internet site for public  
17 viewing beginning on the date of the newspaper publication.  
18 Additionally, if the county maintains a social media account  
19 on one or more social media applications, the public hearing  
20 notice or an electronic link to the public hearing notice  
21 ~~shall~~ may be posted on each such account on the same day as  
22 the publication of the notice. All of the following shall be  
23 included in the notice:

24 Sec. 4. Section 384.15A, subsection 4, paragraph a,  
25 unnumbered paragraph 1, Code 2021, is amended to read as  
26 follows:

27 The council shall set a time and place for a public  
28 hearing on the resolution before the date for adoption of the  
29 resolution and shall publish notice of the hearing not less  
30 than ten nor more than twenty days prior to the hearing in a  
31 newspaper published at least once weekly and having general  
32 circulation in the city. However, if the city has a population  
33 of two hundred or less, publication may be made by posting in  
34 three public places in the city. If the city has an internet  
35 site, the notice shall also be posted and clearly identified

1 on the city's internet site for public viewing beginning on  
2 the date of the newspaper publication or public posting, as  
3 applicable. Additionally, if the city maintains a social media  
4 account on one or more social media applications, the public  
5 hearing notice or an electronic link to the public hearing  
6 notice ~~shall~~ may be posted on each such account on the same day  
7 as the publication of the notice. All of the following shall  
8 be included in the notice:

9 Sec. 5. NEW SECTION. 554E.1 **Definitions.**

10 As used in this chapter, unless the context otherwise  
11 requires:

12 1. "*Company*" means and includes a person or an affiliate of  
13 a person who owns or operates any of the following:

- 14 a. A massive online marketplace.
- 15 b. A massive online video sharing website.
- 16 c. A massive social networking website.
- 17 d. A monopolistic entity.
- 18 e. A pre-installed application store.

19 2. "*Content generated by bots*" means and includes content  
20 that is created or posted on an internet site by a software  
21 application or program.

22 3. "*Excessively violent content*" means any image, video,  
23 or other content that, taking the material as a whole and  
24 applying contemporary community standards with respect to what  
25 is suitable for public distribution, meets all of the following  
26 criteria:

- 27 a. Depicts or involves killing, maiming, dismembering, or  
28 sexually assaulting an individual.
- 29 b. Lacks serious literary, scientific, political, or  
30 artistic value.

31 4. "*Expressive merchandise*" means and includes any tangible  
32 personal property that contains or displays a viewpoint that  
33 constitutes constitutionally protected speech.

34 5. "*Governmental entity*" means and includes all of the  
35 following:

1     *a.* A unit of state government in the executive, legislative,  
2 or judicial branch.

3     *b.* A political subdivision of the state, including a city,  
4 county, township, school district, and any other governmental  
5 entity authorized to levy taxes.

6     6. "*Intellectual property*" means a commercially valuable  
7 product of the human intellect in a concrete or abstract form  
8 that is protected by a copyright, trademark, or patent.

9     7. "*Internet site*" means the same as defined in section 4.1.

10    8. "*Massive online marketplace*" means and includes an  
11 internet site that meets all of the following criteria:

12    *a.* Offers tangible personal property for sale to the general  
13 public.

14    *b.* Sells or facilitates the sale of protected publications  
15 or expressive merchandise.

16    *c.* Has at least seventy-five million subscribers or members  
17 in the United States in the calendar year before the date a  
18 court has found by a preponderance of the evidence that the  
19 massive online marketplace violated this chapter, or has sold  
20 goods to at least seventy-five million individuals in the  
21 United States in the calendar year before the date a court  
22 has found by a preponderance of the evidence that the massive  
23 online marketplace has violated a provision of this chapter.

24    9. "*Massive online video sharing website*" means and includes  
25 an internet site that meets all of the following criteria:

26    *a.* Allows users or the public to share videos with other  
27 users or the public.

28    *b.* Hosts, stores, provides, or otherwise facilitates access  
29 by individuals in the United States.

30    *c.* Has at least five hundred million videos available at any  
31 point in time.

32    10. "*Massive social networking website*" means and includes  
33 an internet site that meets all of the following criteria:

34    *a.* Allows users, through the creation of pages within  
35 the internet site or profiles or by other means, to provide

1 information about themselves that is available to the public  
2 or to other users.

3     *b.* Allows users a mechanism for communication with other  
4 users.

5     *c.* Has at least twenty million subscribers or members  
6 in the United States in the calendar year before the date a  
7 court has found by a preponderance of the evidence that the  
8 massive social networking website has violated a provision  
9 of this chapter, or has been used by at least twenty million  
10 individuals in the United States in the calendar year before  
11 the date a court has found by a preponderance of the evidence  
12 that the massive social networking website has violated a  
13 provision of this chapter.

14     11. "*Monopolistic entity*" means a person who owns or  
15 operates a social networking website, a person who owns or  
16 operates an internet search engine, or a person who owns or  
17 operates any similar internet site that displays content to its  
18 users, and to which any of the following apply:

19     *a.* The person, within the ten-year period preceding the date  
20 a court has found by a preponderance of the evidence that the  
21 person has violated a provision of this chapter, has been found  
22 to have violated any state or federal antitrust or price-fixing  
23 law.

24     *b.* The person is involved in litigation in which the  
25 office of the attorney general has alleged that the person has  
26 violated any state or federal antitrust or price-fixing law.

27     12. "*Obscene material*" means any material depicting or  
28 describing the genitals, sex acts, masturbation, excretory  
29 functions, or sadomasochistic abuse which the average person,  
30 taking the material as a whole and applying contemporary  
31 community standards with respect to what is suitable material  
32 for minors, would find appeals to the prurient interest and is  
33 patently offensive; and the material, taken as a whole, lacks  
34 serious literary, scientific, political, or artistic value.

35     13. "*Person*" means the same as defined in section 4.1.

1 14. "*Pornography*" means and includes any material depicting  
2 or describing erotic behavior that is intended to cause sexual  
3 excitement which the average person, taking the material as a  
4 whole and applying contemporary community standards, would find  
5 appeals to the prurient interest and is patently offensive;  
6 and the material, taken as a whole, lacks serious literary,  
7 scientific, political, or artistic value.

8 15. "*Pre-installed application store*" means and includes  
9 any program, application, service, or mechanism that is  
10 pre-installed on a mobile telephone or other portable  
11 electronic communication device capable of being used to write,  
12 send, or view an electronic message that meets all of the  
13 following criteria:

14 a. Facilitated at least one hundred million annual downloads  
15 of programs or applications by individuals in the United  
16 States in the calendar year before the date a court has found  
17 by a preponderance of the evidence that the pre-installed  
18 application store has violated a provision of this chapter.

19 b. Facilitated the download of programs or applications  
20 that constitute a massive online marketplace, massive online  
21 video sharing website, or massive social networking website  
22 in the calendar year before the date a court has found by  
23 a preponderance of the evidence that the pre-installed  
24 application store has violated a provision of this chapter.

25 16. "*Protected publication*" means and includes any  
26 newspaper, non-fiction book, periodical, religious text, or any  
27 other publication that contains or displays a viewpoint that  
28 constitutes constitutionally protected speech.

29 17. "*Social networking website*" means and includes an  
30 internet site that meets all of the following criteria:

31 a. Allows users, through the creation of pages within  
32 the internet site or profiles or by other means, to provide  
33 information about themselves that is available to the public  
34 or to other users.

35 b. Allows users a mechanism for communication with other

1 users.

2 Sec. 6. NEW SECTION. 554E.2 Prohibition on censorship —  
3 ability to opt out of certain algorithms.

4 1. *a.* A company shall not intentionally affect the ability  
5 of a citizen of this state to view, comment, or otherwise  
6 interact with a United States citizen's content on the  
7 company's internet site by limiting, blocking, or otherwise  
8 restricting any content on the company's internet site if the  
9 content constitutes constitutionally protected speech.

10 *b.* A company shall not intentionally restrict the ability of  
11 a citizen of this state to download a social networking website  
12 on a pre-installed application store.

13 *c.* A company shall not intentionally restrict the ability of  
14 a citizen of this state to purchase any protected publication  
15 or expressive merchandise on a massive online marketplace  
16 if similar protected publications or expressive merchandise  
17 were allowed for sale on the massive online marketplace at  
18 the time the company restricted the ability of a citizen of  
19 this state to purchase the protected publication or expressive  
20 merchandise.

21 2. Notwithstanding subsection 1, a company may do any of the  
22 following:

23 *a.* Restrict the ability of a citizen of this state to  
24 view, comment, or otherwise interact with a United States  
25 citizen's content on the company's internet site if the  
26 content is criminal in nature, if the content does not  
27 constitute constitutionally protected speech, or if the content  
28 constitutes any of the following:

- 29 (1) Obscene material.
- 30 (2) Excessively violent content.
- 31 (3) Pornography.
- 32 (4) Content generated by bots.
- 33 (5) Intellectual property.

34 *b.* Restrict the ability of a citizen of this state to  
35 download a social networking website program or application



1 from a pre-installed application store if the social networking  
2 website is being used for criminal activity and the social  
3 networking website does not have a policy in place to require  
4 its employees to notify law enforcement upon receiving a  
5 complaint or otherwise becoming aware of the criminal activity  
6 being discussed or conducted on its social networking website,  
7 or does not have a policy in place to require its employees  
8 to refer the complaint or existence of criminal activity to  
9 designated employees that carry out the policy.

10 c. Restrict the ability of a citizen of this state to  
11 download a social networking website program or application  
12 from a pre-installed application store if, within sixty days  
13 of the restriction, the United States department of homeland  
14 security determines the social networking website program or  
15 application constitutes a national security threat.

16 3. a. A company shall provide its subscribers, members, and  
17 users who are citizens of this state with the ability to opt  
18 out of post promoting algorithms and shadow banning algorithms  
19 on the company's massive online marketplace, massive online  
20 video sharing website, or massive social networking website.

21 b. For purposes of this subsection:

22 (1) "*Post promoting algorithm*" means and includes the  
23 mechanism, process, or set of rules that is used to sort the  
24 content that is visible to a subscriber, member, or user based  
25 on data or information possessed, used, or controlled by a  
26 company which relates to the subscriber, member, or user.

27 (2) "*Shadow banning algorithm*" means and includes the  
28 mechanism, process, or set of rules that is used to restrict  
29 the visibility of a subscriber's, member's, or user's content  
30 to other subscribers, members, or users in a way that is not  
31 readily apparent to the subscriber, member, or user who created  
32 the content.

33 Sec. 7. NEW SECTION. 554E.3 Enforcement — companies.

34 1. a. A court's finding by a preponderance of the evidence  
35 that a company has violated a provision of this chapter shall

1 be conclusive proof of the company's breach of any agreement  
2 between the company and a governmental entity in effect as  
3 of the effective date of this Act regarding tax credits;  
4 assistance under section 15.335B; sales tax exemptions or  
5 refunds under chapter 423; or property tax credits, exemptions,  
6 including but not limited to exemptions under chapter 427,  
7 rebates, refunds, reimbursements, or grants for property  
8 taxes paid, and the governmental entity shall cancel the  
9 agreement effective as of the date of the court's finding by  
10 a preponderance of the evidence that a company has violated a  
11 provision of this chapter.

12     *b.* A court's finding by a preponderance of the evidence  
13 that a company has violated a provision of this chapter shall  
14 be conclusive proof of the company's breach of any agreement  
15 between the company and a governmental entity entered into  
16 after the effective date of this Act regarding tax credits;  
17 assistance under section 15.335B; sales tax exemptions or  
18 refunds under chapter 423; or property tax credits, exemptions,  
19 including but not limited to exemptions under chapter 427,  
20 rebates, refunds, reimbursements, or grants for property taxes  
21 paid, and the governmental entity shall cancel the agreement  
22 effective as of the date of the court's finding.

23     2. Notwithstanding any other provision of law to the  
24 contrary, upon a court's finding by a preponderance of the  
25 evidence that a company has violated a provision of this  
26 chapter, the company shall be prohibited from entering into  
27 any future agreement with a governmental entity regarding  
28 tax credits; assistance under section 15.335B; sales tax  
29 exemptions or refunds under chapter 423; or property tax  
30 credits, exemptions, including but not limited to exemptions  
31 under chapter 427, rebates, refunds, reimbursements, or grants  
32 for property taxes paid, and shall be prohibited from receiving  
33 any future payments; tax credits; assistance under section  
34 15.335B; sales tax exemptions or refunds under chapter 423; or  
35 property tax credits, exemptions, including but not limited to

1 exemptions under chapter 427, rebates, refunds, reimbursements,  
2 or grants for property taxes paid. The prohibition provided in  
3 this subsection shall begin on the date of the court's finding.  
4 Except as provided in section 554E.7, the prohibition shall  
5 be for a period of twenty years. The twenty-year prohibition  
6 shall be reinstated for each subsequent finding by a court  
7 pursuant to this subsection.

8 3. Notwithstanding any other provision of law to the  
9 contrary, upon a court's finding by a preponderance of the  
10 evidence that a company has violated a provision of this  
11 chapter all of the following shall apply:

12 a. Tax credits; assistance from programs and funds under  
13 section 15.335B; sales tax exemptions or refunds under chapter  
14 423; or property tax credits, exemptions, including but not  
15 limited to exemptions under chapter 427, rebates, refunds,  
16 reimbursements, or grants for property taxes paid, that were  
17 previously claimed by the company but not earned under the  
18 terms of the agreement with the governmental entity at the time  
19 of the cancellation of the agreement pursuant to subsection 1,  
20 shall be recaptured or terminated by the governmental entity.  
21 The recapture or termination pursuant to this subsection of  
22 any tax credits; assistance under section 15.335B; sales tax  
23 exemptions or refunds under chapter 423; or property tax  
24 credits, exemptions, including but not limited to exemptions  
25 under chapter 427, rebates, refunds, reimbursements, or grants  
26 for property taxes paid, that were previously claimed but not  
27 earned by the company shall supersede any agreement previously  
28 entered into with the governmental entity. Recapture or  
29 termination pursuant to this subsection shall be accomplished  
30 in the same manner as provided in section 15.330, subsection  
31 2, by the method for resolving a breach described in the  
32 agreement, through court action, or any other means determined  
33 by the attorney general to result in the most expeditious  
34 recapture or termination of tax credits; assistance under  
35 section 15.335B; sales tax exemptions or refunds under chapter

1 423; or property tax credits, exemptions, including but not  
2 limited to exemptions under chapter 427, rebates, refunds,  
3 reimbursements, or grants for property taxes paid, that were  
4 previously claimed by the company but not earned under the  
5 terms of the agreement with the governmental entity at the time  
6 of the cancellation of the agreement pursuant to subsection 1.

7 *b.* Payments or other quantifiable benefits received but not  
8 earned by the company shall be returned to the governmental  
9 entity.

10 4. Upon a court's finding by a preponderance of the evidence  
11 that a company has violated a provision of this chapter, the  
12 prohibition provided in subsection 1 and the return of received  
13 but not earned amounts provided in subsection 3 shall not be  
14 stayed during appeal proceedings.

15 **Sec. 8. NEW SECTION. 554E.4 Inventory of agreements with**  
16 **companies — obligations.**

17 1. Within thirty days following the effective date of this  
18 Act, a governmental entity shall do all of the following:

19 *a.* Conduct a review of currently effective agreements  
20 related to tax credits; assistance under section 15.335B; sales  
21 tax exemptions or refunds under chapter 423; or property tax  
22 credits, exemptions, including but not limited to exemptions  
23 under chapter 427, rebates, refunds, reimbursements, or  
24 grants for property taxes paid, that were provided by the  
25 governmental entity beginning January 1, 2001, through the  
26 effective date of this Act, to determine if any agreements  
27 related to tax credits; assistance under section 15.335B; sales  
28 tax exemptions or refunds under chapter 423; or property tax  
29 credits, exemptions, including but not limited to exemptions  
30 under chapter 427, rebates, refunds, reimbursements, or grants  
31 for property taxes paid, were entered into with, or provided  
32 to, a company.

33 *b.* Provide notice to a company on the form provided by the  
34 office of the attorney general pursuant to subsection 3, of  
35 the governmental entity's rights pursuant to section 554E.3 by

1 certified mail return receipt requested if the governmental  
2 entity determines pursuant to subsection 1 that a currently  
3 effective agreement; tax credit; assistance under section  
4 15.335B; sales tax exemption or refund under chapter 423; or  
5 property tax credit, exemption, including but not limited to  
6 an exemption under chapter 427, rebate, refund, reimbursement,  
7 or grant for property taxes paid, was entered into with, or  
8 provided to, the company beginning January 1, 2001, through the  
9 effective date of this Act.

10 *c.* Provide the office of the attorney general with copies of  
11 the notice and receipt of delivery provided in subsection 2.

12 *d.* Nothing in this subsection shall be construed to  
13 provide a company that did not receive notice a defense to  
14 a suit alleging a violation of this chapter or a defense to  
15 a suit alleging the company breached an agreement with the  
16 governmental entity.

17 2. A governmental entity shall include all of the following  
18 in agreements to which it is a party entered into on or after  
19 the effective date of this Act:

20 *a.* A statement summarizing the governmental entity's  
21 enforcement rights under section 554E.3 with respect to  
22 agreements related to tax credits; assistance under section  
23 15.335B; sales tax exemptions or refunds under chapter 423; and  
24 property tax credits, exemptions, including but not limited to  
25 exemptions under chapter 427, rebates, refunds, reimbursements,  
26 or grants for property taxes paid.

27 *b.* A provision stating that any agreement between the  
28 governmental entity and a company subject to section 554E.3  
29 that does not relate to tax credits; assistance under section  
30 15.335B; sales tax exemptions or refunds under chapter 423; or  
31 property tax credits, exemptions, including but not limited to  
32 exemptions under chapter 427, rebates, refunds, reimbursements,  
33 or grants for property taxes paid, may be canceled at the  
34 governmental entity's discretion within ninety days after a  
35 court's finding by a preponderance of the evidence that the

1 company has violated a provision of this chapter.

2 3. The office of the attorney general shall develop and  
3 provide to governmental entities a form to be used for the  
4 notice provided in subsection 2 within seven days of the  
5 effective date of this Act.

6 Sec. 9. NEW SECTION. 554E.5 Enforcement — governmental  
7 entities.

8 Notwithstanding any other provision of law to the contrary,  
9 upon a court's finding by a preponderance of the evidence  
10 that a governmental entity intentionally violated a provision  
11 of this chapter, including but not limited to by making  
12 payments or providing tax credits; assistance under section  
13 15.335B; sales tax exemptions or refunds under chapter 423; or  
14 property tax credits, exemptions, including but not limited to  
15 exemptions under chapter 427, rebates, refunds, reimbursements,  
16 or grants for property taxes paid, in violation of section  
17 554E.3, all of the following shall apply:

18 1. The governmental entity's certified budget and amount of  
19 taxes certified shall be reduced as provided in section 24.17,  
20 subsection 2, paragraph "b".

21 2. If the governmental entity receives an appropriation,  
22 the governmental entity's portion of each appropriation in the  
23 fiscal year of the court's finding of an intentional violation  
24 shall be reduced by ten percent. If the governmental entity  
25 fails to remedy the violation of this chapter prior to the  
26 beginning of the subsequent fiscal year, the governmental  
27 entity's portion of each appropriation made by the general  
28 assembly for the subsequent fiscal year shall be reduced by a  
29 percentage equal to the percentage reduction for the preceding  
30 fiscal year plus five percent. All appropriation amounts  
31 reduced pursuant to this section shall be transferred to the  
32 fund from which they were appropriated.

33 Sec. 10. NEW SECTION. 554E.6 Obligations of the office of  
34 the attorney general.

35 1. The office of the attorney general shall enforce

1 the provisions of this chapter, including in all appeal  
2 proceedings.

3     *a.* The office of the attorney general shall appeal a  
4 district court's decision if a company prevails in the district  
5 court in an action under this chapter.

6     *b.* The office of the attorney general shall file an  
7 application for further review with the supreme court if, after  
8 the appeal provided in paragraph "a", the supreme court issues  
9 an order of transfer and transfers the case to the court of  
10 appeals and the company prevails in the action before the court  
11 of appeals.

12     *c.* When an appeal is taken by the office of the attorney  
13 general, the office shall not be required to give an appeal  
14 bond or security for costs.

15     2. *a.* Within sixty days following the effective date  
16 of this Act, the office of the attorney general shall make  
17 available on its internet site a system to allow a citizen of  
18 this state to report potential violations of this chapter by a  
19 company or by a governmental entity to the office.

20     *b.* The system required pursuant to paragraph "a" shall  
21 include all of the following:

22         (1) A mechanism for the electronic submission of  
23 photographs or other evidence of a company's potential  
24 violation of this chapter.

25         (2) An annual accounting, on a calendar year basis, of the  
26 number of complaints received by the office of the attorney  
27 general related to the number of potential violations of this  
28 chapter by companies and governmental entities. In addition  
29 to the current year's accounting, the system shall display  
30 annual accountings required by this subparagraph for the years  
31 preceding the current calendar year.

32         (3) An annual accounting, on a calendar year basis, of the  
33 number of investigations required pursuant to subsections 3  
34 and 4 in which the office of the attorney general determines  
35 the preponderance of the evidence indicates that a company

1 or governmental entity violated this chapter. In addition  
2 to the current year's accounting, the system shall display  
3 annual accountings required by this subparagraph for the years  
4 preceding the current calendar year.

5 (4) A list of the companies that a court has found by a  
6 preponderance of the evidence have violated this chapter.

7 (5) A list of the governmental entities that a court has  
8 found by a preponderance of the evidence have violated this  
9 chapter.

10 (6) A mechanism to ensure that the person submitting the  
11 report is a citizen of this state.

12 3. Notwithstanding subsection 5, the office of the attorney  
13 general shall complete the investigation of a report received  
14 pursuant to subsection 2 within sixty days of the receipt  
15 of the report if the report included a photograph or other  
16 evidence that, in the opinion of the office, indicates a  
17 company's potential violation of this chapter.

18 4. The office of the attorney general shall contact a person  
19 who submits a report pursuant to subsection 2 related to a  
20 company's potential violation of this chapter that did not  
21 contain a photograph or other evidence within seven days of  
22 the receipt of the report and inform the person of one of the  
23 following:

24 a. The office will investigate the report, in which case the  
25 office shall complete the investigation within sixty days of  
26 the receipt of the report.

27 b. The person has thirty days to provide the office with  
28 a photograph or other evidence that indicates a potential  
29 violation of this chapter, in which case the office shall  
30 complete the investigation within sixty days of the receipt of  
31 the photograph or other evidence.

32 5. a. Upon completion of an investigation or investigations  
33 in which the office of the attorney general determines the  
34 preponderance of the evidence indicates that a company or  
35 governmental entity has violated this chapter, the office shall



1 file suit in a court of competent jurisdiction to enforce the  
2 provisions of this chapter.

3 *b.* The office of the attorney general shall file suit for  
4 a violation of this chapter every four years from the date of  
5 the most recent court's finding if the office determines that  
6 a company has violated this chapter at any point during the  
7 four-year period after the court's most recent finding.

8 *c.* (1) The office of the attorney general shall file suit  
9 against a governmental entity that has previously been found  
10 to have violated a provision of this chapter no later than  
11 February 1 of any subsequent fiscal year if the office of the  
12 attorney general determines that the governmental entity failed  
13 to remedy a prior violation of this chapter prior to January  
14 31 of the current fiscal year.

15 (2) In a suit filed pursuant to this paragraph, the sole  
16 issue before the court shall be to determine whether the  
17 governmental entity has remedied a prior violation of this  
18 chapter.

19 *d.* The office of the attorney general may join all claims  
20 arising from investigations under this subsection against a  
21 company or governmental entity if the preponderance of the  
22 evidence indicates that the company or governmental entity has  
23 violated this chapter.

24 6. *a.* To accomplish the objectives and to carry out the  
25 duties prescribed by this section, the office of the attorney  
26 general, in addition to other powers conferred upon the office  
27 of the attorney general by this section, may issue subpoenas to  
28 any person, administer an oath or affirmation to any person,  
29 conduct hearings in aid of any investigation or inquiry, and  
30 prescribe such forms as may be necessary.

31 *b.* Subject to paragraph "*c*", information, documents,  
32 testimony, or other evidence provided to the office of the  
33 attorney general by a person pursuant to paragraph "*a*", or  
34 provided by a person as evidence in any civil action brought  
35 pursuant to this section, shall not be admitted in evidence,

1 or used in any manner whatsoever, in any criminal prosecution  
2 or forfeiture proceeding against that person. If a criminal  
3 prosecution or forfeiture proceeding is initiated in a state  
4 court against a person who has provided information pursuant to  
5 paragraph "a", the state shall have the burden of proof that the  
6 information provided was not used in any manner to further the  
7 criminal investigation, prosecution, or forfeiture proceeding.

8     *c.* Paragraph "b" does not apply unless the person has first  
9 asserted a right against self-incrimination and the office of  
10 the attorney general has elected to provide the person with a  
11 written statement that the information, documents, testimony,  
12 or other evidence at issue are subject to paragraph "b". After  
13 a person has been provided with such a written statement by the  
14 office of the attorney general, a claim of privilege against  
15 self-incrimination is not a defense to any action or proceeding  
16 to obtain the information, documents, testimony, or other  
17 evidence. The limitation on the use of evidence in a criminal  
18 proceeding contained in this section does not apply to any  
19 prosecution or proceeding for perjury or contempt of court  
20 committed in the course of the giving or production of the  
21 information, documents, testimony, or other evidence.

22     7. Service by the office of the attorney general of any  
23 notice requiring a person to file a statement or report, or of  
24 a subpoena upon any person, shall be made personally within  
25 this state, but if such cannot be obtained, substituted service  
26 may be made in any of the following ways:

27     *a.* Personal service thereof without this state.

28     *b.* The mailing thereof by registered mail to the last known  
29 place of business, residence, or abode within or without this  
30 state of such person for whom the same is intended.

31     *c.* As to any person other than a natural person, in the  
32 manner provided in the rules of civil procedure as if a  
33 petition had been filed.

34     *d.* Such service as a district court may direct in lieu of  
35 personal service within this state.

1 8. If a person fails or refuses to file a statement or  
2 report, or obey any subpoena issued by the office of the  
3 attorney general, the office of the attorney general may, after  
4 notice, apply to the Polk county district court or the district  
5 court for the county in which the person resides or is located  
6 and, after hearing, request an order that provides for any of  
7 the following:

8 a. A grant of injunctive relief, restraining the sale or  
9 advertisement of any merchandise by such persons.

10 b. The dissolution of a corporation created by or under the  
11 laws of this state or revoking or suspending the certificate of  
12 authority to do business in this state of a foreign corporation  
13 or revoking or suspending any other licenses, permits, or  
14 certificates issued pursuant to law to such person which are  
15 used to further the allegedly unlawful practice.

16 c. A grant of such other relief as may be required until the  
17 person files the statement or report, or obeys the subpoena.

18 9. a. The office of the attorney general shall notify the  
19 department of management upon a court's initial finding by a  
20 preponderance of the evidence that a governmental entity has  
21 intentionally violated a provision of this chapter, including  
22 in a suit filed pursuant to section 554E.8, subsection 3.

23 b. The office of the attorney general shall notify the  
24 department of management no later than June 1 of any subsequent  
25 fiscal year if a governmental entity fails to remedy the  
26 violation of chapter 554E prior to January 31 of the current  
27 fiscal year.

28 10. All records provided to the office of the attorney  
29 general pursuant to this section shall be kept confidential and  
30 are not subject to chapter 22.

31 Sec. 11. NEW SECTION. 554E.7 **Petition for stay.**

32 1. No sooner than four years after a court's finding that  
33 a company violated a provision of this chapter pursuant to  
34 section 554E.3, the company may petition the court for a stay  
35 of the provisions of section 554E.3, subsection 1.

1     2. At the time the company petitions the court for a stay  
2 pursuant to subsection 1, the company shall file with the court  
3 a bond payable to the state in an amount deemed necessary by  
4 the office of the attorney general.

5     3. Within thirty days after a company files a petition for  
6 a stay pursuant to subsection 1, the office of the attorney  
7 general shall file with the court a statement indicating any  
8 reports received under section 554E.6, subsection 2, related  
9 to the company from the date of the court's finding that  
10 the company violated a provision of this chapter pursuant to  
11 section 554E.3 through the date the company filed the petition  
12 for a stay.

13     4. The court shall grant the petition for stay filed  
14 pursuant to subsection 1 if it finds that the company did not  
15 violate the provisions of this chapter from the date of the  
16 court's finding that the company violated a provision of this  
17 chapter pursuant to section 554E.3 through the date the company  
18 filed the petition for a stay.

19     a. Beginning one year after the court grants the petition  
20 for stay pursuant to this subsection, the company shall  
21 annually file with the court an additional bond in the amount  
22 of any payments; tax credits; assistance under section  
23 15.335B; sales tax exemptions or refunds under chapter 423; or  
24 property tax credits, exemptions, including but not limited to  
25 exemptions under chapter 427, rebates, refunds, reimbursements,  
26 or grants for property taxes paid, which the company received  
27 from the state during the previous year.

28     b. A governmental entity shall not provide the company  
29 with any tax credits; assistance under section 15.335B; sales  
30 tax exemptions or refunds under chapter 423; or property tax  
31 credits, exemptions, including but not limited to exemptions  
32 under chapter 427, rebates, refunds, reimbursements, or grants  
33 for property taxes paid, until the company has satisfied the  
34 requirements in paragraph "a" for the previous year.

35     5. The company shall be permanently prohibited from

1 entering into any agreement with a governmental entity  
2 regarding tax credits; assistance under section 15.335B; sales  
3 tax exemptions or refunds under chapter 423; or property tax  
4 credits, exemptions, including but not limited to exemptions  
5 under chapter 427, rebates, refunds, reimbursements, or grants  
6 for property taxes paid, and shall be permanently prohibited  
7 from receiving from a governmental entity any payments; tax  
8 credits; assistance under section 15.335B; sales tax exemptions  
9 or refunds under chapter 423; or property tax credits,  
10 exemptions, including but not limited to exemptions under  
11 chapter 427, rebates, refunds, reimbursements, or grants for  
12 property taxes paid, if the company violates a provision of  
13 this chapter after a court has granted the company's petition  
14 for stay pursuant to this section and before the end of the  
15 twenty-year prohibition provided in section 554E.3, subsection  
16 1.

17 6. The amount of any bond forfeited under this section shall  
18 be deposited in the general fund of the state.

19 7. A company shall not file more than one petition for  
20 a stay of the provisions of section 554E.3, subsection 1,  
21 during the twenty-year prohibition provided in section 554E.3,  
22 subsection 1.

23 8. Nothing in this section shall be construed to limit the  
24 authority of the office of the attorney general under section  
25 554E.6 to investigate potential violations of this chapter or  
26 file suit to enforce the provisions of this chapter.

27 **Sec. 12. NEW SECTION. 554E.8 Right to intervene —**  
28 **enforcement by citizens of this state.**

29 1. A governmental entity impacted by an action under this  
30 chapter may intervene in any action under this chapter.

31 2. A citizen of this state who has reported a company's  
32 potential violation of this chapter pursuant to section 554E.6  
33 may intervene in any action related to the company under this  
34 chapter.

35 3. Notwithstanding section 554E.6, subsection 1, a citizen

1 of this state who has reported a company's potential violation  
2 of this chapter pursuant to section 554E.6 may file suit in a  
3 court of competent jurisdiction to enforce the provisions of  
4 this chapter if the company is not currently subject to the  
5 prohibition provided in section 554E.3, subsection 2, and if  
6 the company's potential violation of this chapter occurred at  
7 least thirty days following the effective date of this Act.

8     Sec. 13. NEW SECTION. **554E.9 Rules.**

9     The office of the attorney general shall adopt rules  
10 pursuant to chapter 17A to administer and interpret this  
11 chapter.

12     Sec. 14. **TRANSITIONAL COMPLAINT REPORTING SYSTEM.** Within  
13 thirty days following the effective date of this Act, and until  
14 fifty-nine days following the effective date of this Act, the  
15 office of the attorney general shall make available on its  
16 internet site a transitional system to allow a citizen of  
17 this state to report potential violations of chapter 554E by  
18 a company or a governmental entity to the office. The system  
19 shall include, at a minimum, a mechanism for the electronic  
20 submission of reports of potential violations of chapter 554E  
21 and the electronic evidence associated with the potential  
22 violations.

23     Sec. 15. **IMPLEMENTATION OF ACT.** Section 25B.2, subsection  
24 3, shall not apply to this Act.

25     Sec. 16. **EFFECTIVE DATE.** This Act, being deemed of  
26 immediate importance, takes effect upon enactment.

27     Sec. 17. **APPLICABILITY.** This Act applies to agreements  
28 between a company and a governmental entity in effect or  
29 entered into on or after the effective date of this Act.