

**EIGHTY-SEVENTH GENERAL ASSEMBLY  
2018 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

**May 5, 2018  
Friday**

**Clip Sheet Summary**

Displays all amendments, fiscal notes, and conference committee reports for previous day.

<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
<a href="#">SF 2416</a> .....	<a href="#">S-5307</a> .....	Lost	LIZ MATHIS
<a href="#">SF 2417</a> .....	<a href="#">S-5310</a> .....	Filed	RANDY FEENSTRA
<a href="#">SF 2418</a> .....	<a href="#">S-5306</a> .....	Adopted	MARK COSTELLO
<a href="#">SF 2418</a> .....	<a href="#">S-5308</a> .....	Lost	PAM JOCHUM, et al
<a href="#">SF 2418</a> .....	<a href="#">S-5309</a> .....	Lost	JEFF DANIELSON, et al
<a href="#">HF 631</a> .....	<a href="#">S-5303</a> .....	Adopted	DAN DAWSON
<a href="#">HF 2492</a> .....	<a href="#">S-5305</a> .....	Concurred	RECEIVED FROM THE HOUSE
<a href="#">HF 2493</a> .....	<a href="#">S-5304</a> .....	Concurred	RECEIVED FROM THE HOUSE

SENATE FILE 2416

S-5307

1 Amend the House amendment, S-5300, to Senate File 2416, as  
2 amended, passed, and reprinted by the Senate, as follows:

3 1. Page 1, by striking lines 6 through 12 and inserting:

4 <Sec. \_\_\_\_ . HARASSMENT TRAINING. The department of  
5 administrative services shall provide annual in-person training  
6 to all executive branch state employees relating to harassment  
7 awareness, prevention, retaliation, and reporting, including  
8 sexual harassment. Upon the completion of such training,  
9 participants shall acknowledge in writing their attendance and  
10 receipt of the department's policies and procedures regarding  
11 harassment awareness, prevention, retaliation, and reporting.  
12 The department of administrative services shall also provide  
13 specialized training to all supervisors and managers in the  
14 executive branch relating to the prevention and investigation  
15 of harassment, and shall require participants to acknowledge  
16 their attendance of such training in writing.>

By LIZ MATHIS

S-5307 FILED MAY 4, 2018

LOST

SENATE FILE 2417

S-5310

1 Amend the amendment, S-5302, to Senate File 2417 as follows:

2 1. By striking page 1, line 1, through page 150, line 1, and  
3 inserting:

4 <Amend Senate File 2417 as follows:

5 1. By striking everything after the enacting clause and  
6 inserting:

7 <DIVISION I

8 INTEREST ACCRUAL ON CERTAIN TAX REFUNDS

9 Section 1. Section 15.335, subsection 8, Code 2018, is  
10 amended to read as follows:

11 8. Any credit in excess of the tax liability for the  
12 taxable year shall be refunded with interest ~~computed under~~  
13 ~~section 422.25~~ in accordance with section 421.60, subsection  
14 2, paragraph "e". In lieu of claiming a refund, a taxpayer may  
15 elect to have the overpayment shown on its final, completed  
16 return credited to the tax liability for the following year.

17 Sec. 2. NEW SECTION. 421.6 Definition of return.

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

27 Sec. 3. Section 421.60, subsection 2, paragraph e, Code  
28 2018, is amended to read as follows:

29 e. ~~Unless otherwise provided by law, all~~ All Iowa taxes  
30 which are administered by the department and which result in  
31 a refund shall accrue interest at the rate in effect under  
32 section 421.7 from the first day of the second calendar month  
33 following the date of payment or the date the return upon  
34 which the refund is claimed was due to be filed, including any  
35 extensions, or was filed, whichever is the latest.

1     Sec. 4. Section 422.10, subsection 4, Code 2018, is amended  
2 to read as follows:

3     4. Any credit in excess of the tax liability imposed by  
4 section 422.5 less the amounts of nonrefundable credits allowed  
5 under this division for the taxable year shall be refunded  
6 with interest ~~computed under section 422.25 in accordance~~  
7 with section 421.60, subsection 2, paragraph "e". In lieu of  
8 claiming a refund, a taxpayer may elect to have the overpayment  
9 shown on the taxpayer's final, completed return credited to the  
10 tax liability for the following taxable year.

11    Sec. 5. Section 422.16, subsection 9, Code 2018, is amended  
12 to read as follows:

13    9. The amount of any overpayment of the individual income  
14 tax liability of the employee taxpayer, nonresident, or other  
15 person which may result from the withholding and payment of  
16 withheld tax by the employer or withholding agent to the  
17 department under subsections 1 and 12, as compared to the  
18 individual income tax liability of the employee taxpayer,  
19 nonresident, or other person properly and correctly determined  
20 under the provisions of section 422.4, to and including section  
21 422.25, may be credited against any income tax or installment  
22 thereof then due the state of Iowa and any balance of one  
23 dollar or more shall be refunded to the employee taxpayer,  
24 nonresident, or other person with interest ~~at the rate in~~  
25 ~~effect under section 421.7 for each month or fraction of a~~  
26 ~~month, the interest to begin to accrue on the first day of~~  
27 ~~the second calendar month following the date the return was~~  
28 ~~due to be filed or was filed, whichever is the later date~~  
29 in accordance with section 421.60, subsection 2, paragraph  
30 "e". Amounts less than one dollar shall be refunded to the  
31 taxpayer, nonresident, or other person only upon written  
32 application, in accordance with section 422.73, and only if  
33 the application is filed within twelve months after the due  
34 date of the return. Refunds in the amount of one dollar  
35 or more provided for by this subsection shall be paid by

1 the treasurer of state by warrants drawn by the director of  
2 the department of administrative services, or an authorized  
3 employee of the department, and the taxpayer's return of  
4 income shall constitute a claim for refund for this purpose,  
5 except in respect to amounts of less than one dollar. There  
6 is appropriated, out of any funds in the state treasury not  
7 otherwise appropriated, a sum sufficient to carry out the  
8 provisions of this subsection.

9 Sec. 6. Section 422.25, subsection 3, Code 2018, is amended  
10 to read as follows:

11 3. a. If the amount of the tax as determined by the  
12 department is less than the amount paid, the excess shall be  
13 refunded with interest, ~~the interest to begin to accrue on the~~  
14 ~~first day of the second calendar month following the date of~~  
15 ~~payment or the date the return was due to be filed, or the~~  
16 ~~extended due date by which the return was due to be filed if~~  
17 ~~ninety percent of the tax was paid by the original due date,~~  
18 ~~or was filed, whichever is the latest, at the rate in effect~~  
19 ~~under section 421.7 counting each fraction of a month as an~~  
20 ~~entire month under the rules prescribed by the director. If~~  
21 ~~an overpayment of tax results from a net operating loss or~~  
22 ~~net capital loss which is carried back to a prior year, the~~  
23 ~~overpayment, for purposes of computing interest on refunds,~~  
24 ~~shall be considered as having been made on the date a claim~~  
25 ~~for refund or amended return carrying back the net operating~~  
26 ~~loss or net capital loss is filed with the department or on the~~  
27 ~~first day of the second calendar month following the date of~~  
28 ~~the actual payment of the tax, whichever is later. However, in~~  
29 accordance with section 421.60, subsection 2, paragraph "e".

30 b. Notwithstanding section 421.60, subsection 2, paragraph  
31 "e", and paragraph "a" of this subsection, when the net  
32 operating loss or net capital loss carryback to a prior year  
33 eliminates or reduces an underpayment of tax due for an earlier  
34 year, the full amount of the underpayment of tax shall bear  
35 interest at the rate in effect under section 421.7 for each

1 month counting each fraction of a month as an entire month from  
2 the due date of the tax for the earlier year to the last day of  
3 the taxable year in which the net operating loss or net capital  
4 loss occurred.

5 Sec. 7. Section 422.28, Code 2018, is amended to read as  
6 follows:

7 **422.28 Revision of tax.**

8 A taxpayer may appeal to the director for revision of  
9 the tax, interest, or penalties assessed at any time within  
10 sixty days from the date of the notice of the assessment of  
11 tax, additional tax, interest, or penalties. The director  
12 shall grant a hearing and if, upon the hearing, the director  
13 determines that the tax, interest, or penalties are excessive  
14 or incorrect, the director shall revise them according to  
15 the law and the facts and adjust the computation of the tax,  
16 interest, or penalties accordingly. The director shall notify  
17 the taxpayer by mail of the result of the hearing and shall  
18 refund to the taxpayer the amount, if any, paid in excess of  
19 the tax, interest, or penalties found by the director to be  
20 due, with interest accruing ~~from the first day of the second~~  
21 ~~calendar month following the date of payment by the taxpayer~~  
22 ~~at the rate in effect under section 421.7 for each month~~  
23 ~~or fraction of a month~~ in accordance with section 421.60,  
24 subsection 2, paragraph "e".

25 Sec. 8. Section 422.33, subsection 5, paragraph f, Code  
26 2018, is amended to read as follows:

27 *f.* Any credit in excess of the tax liability for the  
28 taxable year shall be refunded with interest ~~computed under~~  
29 ~~section 422.25~~ in accordance with section 421.60, subsection  
30 2, paragraph "e". In lieu of claiming a refund, a taxpayer may  
31 elect to have the overpayment shown on its final, completed  
32 return credited to the tax liability for the following taxable  
33 year.

34 Sec. 9. Section 422.33, subsection 9, paragraph a, Code  
35 2018, is amended to read as follows:

1     a. The taxes imposed under this division shall be reduced by  
2 an assistive device tax credit. A small business purchasing,  
3 renting, or modifying an assistive device or making workplace  
4 modifications for an individual with a disability who is  
5 employed or will be employed by the small business is eligible,  
6 subject to availability of credits, to receive this assistive  
7 device tax credit which is equal to fifty percent of the  
8 first five thousand dollars paid during the tax year for the  
9 purchase, rental, or modification of the assistive device  
10 or for making the workplace modifications. Any credit in  
11 excess of the tax liability shall be refunded with interest  
12 ~~computed under section 422.25 in accordance with section~~  
13 421.60, subsection 2, paragraph "e". In lieu of claiming a  
14 refund, a taxpayer may elect to have the overpayment shown on  
15 the taxpayer's final, completed return credited to the tax  
16 liability for the following tax year. If the small business  
17 elects to take the assistive device tax credit, the small  
18 business shall not deduct for Iowa tax purposes any amount of  
19 the cost of an assistive device or workplace modifications  
20 which is deductible for federal income tax purposes.

21     Sec. 10. Section 422.91, Code 2018, is amended to read as  
22 follows:

23     **422.91 Credit for estimated tax.**

24     1. Any amount of estimated tax paid is a credit against  
25 the amount of tax due on a final, completed return, and any  
26 overpayment of five dollars or more shall be refunded to the  
27 taxpayer with interest, ~~the interest to begin to accrue on~~  
28 ~~the first day of the second calendar month following the date~~  
29 ~~of payment or the date the return was due to be filed or was~~  
30 ~~filed, whichever is the latest, at the rate established under~~  
31 section 421.7 in accordance with section 421.60, subsection 2,  
32 paragraph "e", and the return constitutes a claim for refund for  
33 this purpose. Amounts less than five dollars shall be refunded  
34 to the taxpayer only upon written application in accordance  
35 with section 422.73, and only if the application is filed

1 within twelve months after the due date for the return.

2 2. In lieu of claiming a refund, the taxpayer may elect  
3 to have the overpayment shown on its final, completed return  
4 for the taxable year credited to the tax liability for the  
5 following taxable year.

6 Sec. 11. Section 423.4, subsection 1, paragraph c, Code  
7 2018, is amended to read as follows:

8 c. Refunds authorized under this subsection shall accrue  
9 interest ~~at the rate in effect under section 421.7 from the~~  
10 ~~first day of the second calendar month following the date the~~  
11 ~~refund claim is received by the department~~ in accordance with  
12 section 421.60, subsection 2, paragraph "e".

13 Sec. 12. Section 423.4, subsection 6, paragraph c,  
14 subparagraph (2), Code 2018, is amended to read as follows:

15 (2) Refunds authorized under this subsection shall accrue  
16 interest ~~at the rate in effect under section 421.7 from the~~  
17 ~~first day of the second calendar month following the date the~~  
18 ~~refund claim is received by the department~~ in accordance with  
19 section 421.60, subsection 2, paragraph "e".

20 Sec. 13. Section 450.94, subsection 3, Code 2018, is amended  
21 to read as follows:

22 3. If the amount paid is greater than the correct tax,  
23 penalty, and interest due, the department shall refund the  
24 excess with interest. ~~Interest shall be computed at the rate~~  
25 ~~in effect under section 421.7, under the rules prescribed by~~  
26 ~~the director counting each fraction of a month as an entire~~  
27 ~~month and the interest shall begin to accrue on the first day~~  
28 ~~of the second calendar month following the date of payment~~  
29 ~~or on the date the return was due to be filed or was filed,~~  
30 ~~whichever is the latest~~ in accordance with section 421.60,  
31 subsection 2, paragraph "e". However, the director shall  
32 not allow a claim for refund or credit that has not been  
33 filed with the department within three years after the tax  
34 payment upon which a refund or credit is claimed became due,  
35 or one year after the tax payment was made, whichever time is



1 later. A determination by the department of the amount of  
2 tax, penalty, and interest due, or the amount of refund for  
3 excess tax paid, is final unless the person aggrieved by the  
4 determination appeals to the director for a revision of the  
5 determination within sixty days from the date of the notice  
6 of determination of tax, penalty, and interest due or refund  
7 owing or unless the taxpayer contests the determination by  
8 paying the tax, interest, and penalty and timely filing a claim  
9 for refund. The director shall grant a hearing, and upon the  
10 hearing the director shall determine the correct tax, penalty,  
11 and interest or refund due, and notify the appellant of the  
12 decision by mail. The decision of the director is final unless  
13 the appellant seeks judicial review of the director's decision  
14 under section 450.59 within sixty days after the date of the  
15 notice of the director's decision.

16 Sec. 14. Section 452A.65, subsection 1, Code 2018, is  
17 amended to read as follows:

18 1. In addition to the tax or additional tax, the taxpayer  
19 shall pay a penalty as provided in section 421.27. The  
20 taxpayer shall also pay interest on the tax or additional  
21 tax at the rate in effect under section 421.7 counting each  
22 fraction of a month as an entire month, computed from the date  
23 the return was required to be filed. If the amount of the tax  
24 as determined by the appropriate state agency is less than the  
25 amount paid, the excess shall be refunded with interest, ~~the~~  
26 ~~interest to begin to accrue on the first day of the second~~  
27 ~~calendar month following the date of payment or the date the~~  
28 ~~return was due to be filed or was filed, whichever is the~~  
29 ~~latest, at the rate in effect under section 421.7 counting~~  
30 ~~each fraction of a month as an entire month under the rules~~  
31 ~~prescribed by the appropriate state agency~~ in accordance with  
32 section 421.60, subsection 2, paragraph "e". Claims for  
33 refund filed under sections 452A.17 and 452A.21 shall accrue  
34 interest beginning with the first day of the second calendar  
35 month following the date the refund claim is received by the

1 department.

2 Sec. 15. EFFECTIVE DATE. This division of this Act, being  
3 deemed of immediate importance, takes effect upon enactment.

4 Sec. 16. RETROACTIVE APPLICABILITY. This division of this  
5 Act applies retroactively to January 1, 2018, for tax years  
6 beginning on or after that date, and for refunds issued on or  
7 after that date.

8 DIVISION II

9 TAX PENALTIES

10 Sec. 17. Section 421.27, subsection 6, Code 2018, is amended  
11 to read as follows:

12 6. *Improper receipt of refund or credit payments.* A person  
13 who makes an erroneous application for refund, ~~or~~ credit,  
14 reimbursement, rebate, or other payment shall be liable for any  
15 overpayment received or tax liability reduced plus interest  
16 at the rate in effect under section 421.7. In addition, a  
17 person who willfully makes a false or frivolous application  
18 for refund, ~~or~~ credit, reimbursement, rebate, or other payment  
19 with intent to evade tax or with intent to receive a refund,  
20 ~~or~~ credit, reimbursement, rebate, or other payment to which  
21 the person is not entitled is guilty of a fraudulent practice  
22 and is liable for a penalty equal to seventy-five percent of  
23 the refund, ~~or~~ credit, reimbursement, rebate, or other payment  
24 being claimed. Payments, penalties, and interest due under  
25 this subsection may be collected and enforced in the same  
26 manner as the tax imposed.

27 Sec. 18. Section 425.29, Code 2018, is amended to read as  
28 follows:

29 **425.29 False claim — penalty.**

30 A person who makes a false affidavit for the purpose  
31 of obtaining credit or reimbursement provided for in this  
32 division or who knowingly receives the credit or reimbursement  
33 without being legally entitled to it or makes claim for the  
34 credit or reimbursement in more than one county in the state  
35 without being legally entitled to it is guilty of a fraudulent

1 practice. The claim for credit or reimbursement shall be  
2 disallowed in full and if the claim has been paid the amount  
3 shall be recovered in the manner provided in section 425.27.  
4 The department of revenue may impose penalties under section  
5 421.27. The department of revenue shall send a notice of  
6 disallowance of the claim.

7 Sec. 19. LEGISLATIVE INTENT. It is the intent of the  
8 general assembly that the provisions of this division of this  
9 Act are conforming amendments consistent with current state  
10 law, and that the amendments do not change the application of  
11 current law but instead reflect current law both before and  
12 after the enactment of this division of this Act.

13 Sec. 20. EFFECTIVE DATE. This division of this Act, being  
14 deemed of immediate importance, takes effect upon enactment.

15 DIVISION III

16 MISCELLANEOUS TAX PROVISIONS

17 Sec. 21. Section 34A.7B, subsection 13, Code 2018, is  
18 amended to read as follows:

19 13. The department shall transfer all ~~remitted~~ reported  
20 prepaid wireless 911 surcharges to the treasurer of state  
21 for deposit in the 911 emergency communications fund created  
22 under section 34A.7A, subsection 2, within thirty days of  
23 receipt after deducting an amount, not to exceed two percent of  
24 collected surcharges, that shall be retained by the department  
25 to reimburse its direct costs of administering the collection  
26 and remittance of prepaid wireless 911 surcharges.

27 Sec. 22. Section 421.17, subsection 2, paragraph d, Code  
28 2018, is amended to read as follows:

29 d. To facilitate uniformity and equalization of  
30 assessments throughout the state of Iowa and to facilitate  
31 transfers of funds to local governments, the director may  
32 use geographic information system technology and may require  
33 assessing authorities and local governments that have adopted  
34 compatible technology to provide information to the department  
35 electronically using electronic geographic information

1 system file formats. The department of revenue shall act on  
2 behalf of political subdivisions and the state to deliver a  
3 consolidated response to the boundary and annexation survey  
4 and provide legal boundary geography data to the United States  
5 census bureau. The department shall coordinate with political  
6 subdivisions and the state to ensure that consistent, accurate,  
7 and integrated geography is provided to the United States  
8 census bureau. The office of the chief information officer  
9 shall provide geographic information system and technical  
10 support to the department to facilitate the exchange.

11 Sec. 23. Section 421.19, Code 2018, is amended to read as  
12 follows:

13 **421.19 Counsel.**

14 1. It shall be the duty of the attorney general and of  
15 the county attorneys in their respective counties to commence  
16 and prosecute actions, prosecutions, and complaints, when  
17 so directed by the director of revenue and to represent the  
18 director in any litigation arising from the discharge of the  
19 director's duties.

20 2. If the department has information that indicates a  
21 taxpayer intentionally filed a false claim, affidavit, return,  
22 or other information with intent to evade tax or to obtain  
23 a refund, credit, or other benefit from the department, the  
24 department may notify federal, state, or local law enforcement  
25 and may disclose state returns, state return information,  
26 state investigative or audit information, or any other state  
27 information to such law enforcement, notwithstanding sections  
28 422.20 and 422.72.

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

33 Sec. 24. NEW SECTION. **421.71 Class actions — implied right**  
34 **of action — private cause of action immunity.**

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

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

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

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

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

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

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

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

35     Sec. 25. Section 423G.5, subsection 1, as enacted by 2018

1 Iowa Acts, Senate File 512, section 15, is amended to read as  
2 follows:

3 1. The director of revenue shall administer the water  
4 service tax as nearly as possible in conjunction with the  
5 administration of the state sales and use tax law, except that  
6 portion of the law that implements the streamlined sales and  
7 use tax agreement. The director shall provide appropriate  
8 forms, or provide on the regular state tax forms, for reporting  
9 water service tax liability, and for ease of administration may  
10 require water service tax liability to be identified, reported,  
11 and remitted to the department as sales and use tax liability,  
12 provided the department has the ability to properly identify  
13 such amounts as water service tax revenues upon receipt.

14 Sec. 26. Section 423G.6, subsection 2, paragraphs a, b, and  
15 c, as enacted by 2018 Iowa Acts, Senate File 512, section 16,  
16 are amended to read as follows:

17 a. For revenues ~~collected~~ reported on or after July 1, 2018,  
18 but before August 1, 2019, one-twelfth of the revenues to the  
19 water quality infrastructure fund created in section 8.57B,  
20 and one-twelfth of the revenues to the water quality financial  
21 assistance fund created in section 16.134A.

22 b. For revenues ~~collected~~ reported on or after August 1,  
23 2019, but before August 1, 2020, one-sixth of the revenues to  
24 the water quality infrastructure fund created in section 8.57B,  
25 and one-sixth of the revenues to the water quality financial  
26 assistance fund created in section 16.134A.

27 c. For revenues ~~collected~~ reported on or after August 1,  
28 2020, one-half of the revenues to the water quality financial  
29 assistance fund created in section 16.134A.

30 Sec. 27. IOWA ELECTION CAMPAIGN FUND TAX CHECKOFF AND  
31 CONTRIBUTIONS — CREDIT TO GENERAL FUND. Notwithstanding  
32 section 68A.601 or 422.12J, or any other provision of law to  
33 the contrary, any amount of contribution to the Iowa election  
34 campaign fund in section 68A.602 designated on an individual  
35 income tax return for any tax year and filed on or after

1 January 1, 2018, is void and shall be disregarded, and such  
2 contribution amount shall be credited to the general fund and  
3 not to the Iowa election campaign fund.

4 Sec. 28. EFFECTIVE DATE. The following, being deemed of  
5 immediate importance, take effect upon enactment:

6 1. The section of this division of this Act relating to the  
7 Iowa election campaign fund tax checkoff and contributions.

8 2. The section of this division of this Act enacting section  
9 421.71.

10 Sec. 29. RETROACTIVE APPLICABILITY. The following applies  
11 retroactively to January 1, 2018, for individual income tax  
12 returns filed on or after that date:

13 The section of this division of this Act relating to the Iowa  
14 election campaign fund tax checkoff and contributions.

15 DIVISION IV

16 TAX CREDITS

17 Sec. 30. Section 15E.52, subsection 8, Code 2018, is amended  
18 to read as follows:

19 8. The board shall not certify an innovation fund after June  
20 30, ~~2018~~ 2023.

21 Sec. 31. Section 403.19A, subsection 3, paragraph c,  
22 subparagraph (2), Code 2018, is amended to read as follows:

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

26 Sec. 32. Section 422.10, subsection 1, Code 2018, is amended  
27 by adding the following new paragraph:

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

31 (1) (a) The business is engaged in the manufacturing,  
32 life sciences, software engineering, or aviation and aerospace  
33 industry.

34 (b) Persons that shall not be considered to be engaged in  
35 the manufacturing, life sciences, software engineering, or

1 aviation and aerospace industry, and thus are not eligible  
2 for the credit, include but are not limited to all of the  
3 following:

4 (i) A person engaged in agricultural production as defined  
5 in section 423.1.

6 (ii) A person who is a contractor, subcontractor, builder,  
7 or a contractor-retailer that engages in commercial and  
8 residential repair and installation, including but not limited  
9 to heating or cooling installation and repair, plumbing and  
10 pipe fitting, security system installation, and electrical  
11 installation and repair. For purposes of this subparagraph  
12 subdivision, "contractor-retailer" means a business that makes  
13 frequent retail sales to the public or to other contractors and  
14 that also engages in the performance of construction contracts.

15 (iii) A finance or investment company.

16 (iv) A retailer.

17 (v) A wholesaler.

18 (vi) A transportation company.

19 (vii) A publisher.

20 (viii) An agricultural cooperative association as defined  
21 in section 502.102.

22 (ix) A real estate company.

23 (x) A collection agency.

24 (xi) An accountant.

25 (xii) An architect.

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

30 Sec. 33. Section 422.10, subsection 3, Code 2018, is amended  
31 by adding the following new paragraph:

32 NEW PARAGRAPH. *0a.* For purposes of this section, "base  
33 amount" means the product of the fixed-based percentage times  
34 the average annual gross receipts of the taxpayer for the four  
35 taxable years preceding the taxable year for which the credit



1 is being determined, but in no event shall the base amount be  
2 less than fifty percent of the qualified research expenses for  
3 the credit year.

4 Sec. 34. Section 422.10, subsection 3, paragraph a, Code  
5 2018, is amended to read as follows:

6 a. For purposes of this section, ~~"base amount"~~, "*basic*  
7 *research payment*", and "*qualified research expense*" mean the  
8 same as defined for the federal credit for increasing research  
9 activities under section 41 of the Internal Revenue Code,  
10 except that for the alternative simplified credit such amounts  
11 are for research conducted within this state.

12 Sec. 35. Section 422.11S, subsection 6, paragraph a, Code  
13 2018, is amended to read as follows:

14 a. "*Eligible student*" means a student who is a member of a  
15 household whose total annual income during the calendar year  
16 before the student receives a tuition grant for purposes of  
17 this section does not exceed an amount equal to ~~three~~ four  
18 times the most recently published federal poverty guidelines in  
19 the federal register by the United States department of health  
20 and human services.

21 Sec. 36. Section 422.11S, subsection 8, paragraph a,  
22 subparagraph (2), Code 2018, is amended to read as follows:

23 (2) "*Total approved tax credits*" means for the tax year  
24 beginning in the 2006 calendar year, two million five hundred  
25 thousand dollars, for the tax year beginning in the 2007  
26 calendar year, five million dollars, for tax years beginning  
27 on or after January 1, 2008, but before January 1, 2012, seven  
28 million five hundred thousand dollars, for tax years beginning  
29 on or after January 1, 2012, but before January 1, 2014, eight  
30 million seven hundred fifty thousand dollars, and for tax years  
31 beginning on or after January 1, 2014, but before January 1,  
32 2019, twelve million dollars, and for tax years beginning on or  
33 after January 1, 2019, thirteen million dollars.

34 Sec. 37. Section 422.33, subsection 5, Code 2018, is amended  
35 by adding the following new paragraph:

1     NEW PARAGRAPH. *Oe.* A corporation shall only be  
2 eligible for the credit provided in this subsection if the  
3 business conducting the research meets all of the following  
4 requirements:

5     (1) (a) The business is engaged in the manufacturing,  
6 life sciences, software engineering, or aviation and aerospace  
7 industry.

8     (b) Persons that shall not be considered to be engaged in  
9 the manufacturing, life sciences, software engineering, or  
10 aviation and aerospace industry, and thus are not eligible  
11 for the credit, include but are not limited to all of the  
12 following:

13     (i) A person engaged in agricultural production as defined  
14 in section 423.1.

15     (ii) A person who is a contractor, subcontractor, builder,  
16 or a contractor-retailer that engages in commercial and  
17 residential repair and installation, including but not limited  
18 to heating or cooling installation and repair, plumbing and  
19 pipe fitting, security system installation, and electrical  
20 installation and repair. For purposes of this subparagraph  
21 subdivision, "*contractor-retailer*" means a business that makes  
22 frequent retail sales to the public or to other contractors and  
23 that also engages in the performance of construction contracts.

24     (iii) A finance or investment company.

25     (iv) A retailer.

26     (v) A wholesaler.

27     (vi) A transportation company.

28     (vii) A publisher.

29     (viii) An agricultural cooperative association as defined  
30 in section 502.102.

31     (ix) A real estate company.

32     (x) A collection agency.

33     (xi) An accountant.

34     (xii) An architect.

35     (2) The business claims and is allowed a research credit

1 for such qualified research expenses under section 41 of the  
2 Internal Revenue Code for the same taxable year as it is  
3 claiming the credit provided in this subsection.

4 Sec. 38. Section 422.33, subsection 5, paragraph e, Code  
5 2018, is amended by adding the following new subparagraph:

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

13 Sec. 39. Section 422.33, subsection 5, paragraph e,  
14 subparagraph (1), Code 2018, is amended to read as follows:

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

21 Sec. 40. 2019 INTERIM TAX CREDIT STUDY.

22 1. The legislative council is requested to authorize a  
23 study committee to evaluate tax credits available under Iowa  
24 law, including Iowa's utilization of tax credits as a tool  
25 for promoting and supporting economic growth and development.  
26 The study committee shall also consider new or different  
27 tax credits or incentive programs, or tax rate or structure  
28 changes, that will foster economic growth and improve Iowa's  
29 overall tax and economic development climate. The study  
30 committee shall make recommendations that the committee  
31 believes will improve predictability for the state's budget,  
32 improve accountability to the taxpayers of Iowa, maximize  
33 flexibility in utilization, and place Iowa in the best position  
34 for attracting and retaining workers and businesses in the  
35 future. In developing recommendations, the study committee

1 shall place significant emphasis on directing tax credits,  
2 incentive programs, or tax rate or structure changes toward  
3 Iowa workers and programs to strengthen Iowa's workforce by  
4 incentivizing efforts to expand Iowans' skills and capabilities  
5 in high-demand career fields.

6 2. The study committee shall consist of five members of  
7 the senate, three of whom shall be appointed by the majority  
8 leader of the senate and two of whom shall be appointed by  
9 the minority leader of the senate, and five members of the  
10 house of representatives, three of whom shall be appointed by  
11 the speaker of the house of representatives and two of whom  
12 shall be appointed by the minority leader of the house of  
13 representatives.

14 3. The study committee shall meet during the 2019  
15 legislative interim to make recommendations for consideration  
16 during the 2020 legislative session in a report submitted to  
17 the general assembly.

18 Sec. 41. LEGISLATIVE INTENT. It is the intent of the  
19 general assembly that the provisions of this division of this  
20 Act enacting section 422.10, subsection 3, paragraph "0a",  
21 amending section 422.10, subsection 3, paragraph "a", enacting  
22 section 422.33, subsection 5, paragraph e, subparagraph (01),  
23 and amending section 422.33, subsection 5, paragraph "e",  
24 subparagraph (1), are conforming amendments consistent with  
25 current state law, and that the amendments do not change the  
26 application of current law but instead reflect current law both  
27 before and after the enactment of this division of this Act.

28 Sec. 42. REPEAL. Sections 422.10A and 422.11I, Code 2018,  
29 are repealed.

30 Sec. 43. EFFECTIVE DATE. The following, being deemed of  
31 immediate importance, take effect upon enactment:

32 1. The section of this division of this Act amending section  
33 15E.52, subsection 8.

34 2. The section of this division of this Act enacting section  
35 422.10, subsection 1, paragraph "0a".

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1 3. The section of this division of this Act enacting section  
2 422.10, subsection 3, paragraph "0a".

3 4. The section of this division of this Act amending section  
4 422.10, subsection 3, paragraph "a".

5 5. The section of this division of this Act enacting section  
6 422.33, subsection 5, paragraph "0e".

7 6. The section of this division of this Act enacting section  
8 422.33, subsection 5, paragraph "e", subparagraph (01).

9 7. The section of this division of this Act amending section  
10 422.33, subsection 5, paragraph "e", subparagraph (1).

11 8. The section of this division of this Act entitled  
12 "legislative intent" which describes the intent of the general  
13 assembly with respect to certain amendments in this division of  
14 this Act to sections 422.10 and 422.33.

15 Sec. 44. EFFECTIVE DATE. The following take effect January  
16 1, 2019:

17 1. The sections of this division of this Act amending  
18 section 422.11S.

19 2. The section of this division of this Act repealing  
20 sections 422.10A and 422.11I.

21 Sec. 45. RETROACTIVE APPLICABILITY. The following apply  
22 retroactively to January 1, 2017, for tax years beginning on  
23 or after that date:

24 1. The section of this division of this Act enacting section  
25 422.10, subsection 1, paragraph "0a".

26 2. The section of this division of this Act enacting section  
27 422.33, subsection 5, paragraph "0e".

28 Sec. 46. APPLICABILITY. The following applies to tax  
29 years beginning on or after January 1, 2019, and to qualified  
30 geothermal heat pump property installations occurring on or  
31 after January 1, 2019:

32 The section of this division of this Act repealing sections  
33 422.10A and 422.11I.

34

#### DIVISION V

35

#### TAXPAYERS TRUST FUND AND TAXPAYERS TRUST FUND TAX CREDIT

1     Sec. 47. Section 8.55, subsection 2, paragraph a, Code 2018,  
2 is amended to read as follows:

3     a. The first sixty million dollars of the difference  
4 between the actual net revenue for the general fund of the  
5 state for the fiscal year and the adjusted revenue estimate for  
6 the fiscal year shall be transferred to the ~~taxpayers trust~~  
7 taxpayer relief fund created in section 8.57E.

8     Sec. 48. Section 8.57E, Code 2018, is amended to read as  
9 follows:

10     **8.57E ~~Taxpayers trust~~ Taxpayer relief fund.**

11     1. A ~~taxpayers trust~~ taxpayer relief fund is created. The  
12 fund shall be separate from the general fund of the state and  
13 the balance in the fund shall not be considered part of the  
14 balance of the general fund of the state. The moneys credited  
15 to the fund are not subject to section 8.33 and shall not  
16 be transferred, used, obligated, appropriated, or otherwise  
17 encumbered except as provided in this section.

18     2. Moneys in the ~~taxpayers trust~~ taxpayer relief fund shall  
19 only be used pursuant to appropriations or transfers made by  
20 the general assembly for tax relief, including but not limited  
21 to increases in the general retirement income exclusion under  
22 section 422.7, subsection 31, or reductions in income tax  
23 rates. ~~During each fiscal year beginning on or after July 1,~~  
24 ~~2014, in which the balance of the taxpayers trust fund equals~~  
25 ~~or exceeds thirty million dollars, there is transferred from~~  
26 ~~the taxpayers trust fund to the Iowa taxpayers trust fund tax~~  
27 ~~credit fund created in section 422.11E, the entire balance of~~  
28 ~~the taxpayers trust fund to be used for the Iowa taxpayers~~  
29 ~~trust fund tax credit in accordance with section 422.11E,~~  
30 ~~subsection 5.~~

31     3. a. Moneys in the ~~taxpayers trust~~ taxpayer relief  
32 fund may be used for cash flow purposes during a fiscal year  
33 provided that any moneys so allocated are returned to the fund  
34 by the end of that fiscal year.

35     b. Except as provided in section 8.58, the ~~taxpayers trust~~

1 taxpayer relief fund shall be considered a special account for  
2 the purposes of section 8.53 in determining the cash position  
3 of the general fund of the state for the payment of state  
4 obligations.

5 4. Notwithstanding section 12C.7, subsection 2, interest or  
6 earnings on moneys deposited in the ~~taxpayers trust~~ taxpayer  
7 relief fund shall be credited to the fund.

8 Sec. 49. Section 8.58, Code 2018, is amended to read as  
9 follows:

10 **8.58 Exemption from automatic application.**

11 1. To the extent that moneys appropriated under section  
12 8.57 do not result in moneys being credited to the general  
13 fund under section 8.55, subsection 2, moneys appropriated  
14 under section 8.57 and moneys contained in the cash reserve  
15 fund, rebuild Iowa infrastructure fund, environment first fund,  
16 Iowa economic emergency fund, ~~taxpayers trust~~ taxpayer relief  
17 fund, and state bond repayment fund shall not be considered  
18 in the application of any formula, index, or other statutory  
19 triggering mechanism which would affect appropriations,  
20 payments, or taxation rates, contrary provisions of the Code  
21 notwithstanding.

22 2. To the extent that moneys appropriated under section  
23 8.57 do not result in moneys being credited to the general fund  
24 under section 8.55, subsection 2, moneys appropriated under  
25 section 8.57 and moneys contained in the cash reserve fund,  
26 rebuild Iowa infrastructure fund, environment first fund, Iowa  
27 economic emergency fund, ~~taxpayers trust~~ taxpayer relief fund,  
28 and state bond repayment fund shall not be considered by an  
29 arbitrator or in negotiations under chapter 20.

30 Sec. 50. Section 257.21, subsection 2, Code 2018, is amended  
31 to read as follows:

32 2. The instructional support income surtax shall be imposed  
33 on the state individual income tax for the calendar year during  
34 which the school's budget year begins, or for a taxpayer's  
35 fiscal year ending during the second half of that calendar year

1 and after the date the board adopts a resolution to participate  
2 in the program or the first half of the succeeding calendar  
3 year, and shall be imposed on all individuals residing in the  
4 school district on the last day of the applicable tax year.  
5 As used in this section, "*state individual income tax*" means  
6 the taxes computed under section 422.5, less the amounts of  
7 nonrefundable credits allowed under chapter 422, division II,  
8 ~~except for the Iowa taxpayers trust fund tax credit allowed~~  
9 ~~under section 422.11E.~~

10 Sec. 51. Section 422D.2, Code 2018, is amended to read as  
11 follows:

12 **422D.2 Local income surtax.**

13 A county may impose by ordinance a local income surtax as  
14 provided in section 422D.1 at the rate set by the board of  
15 supervisors, of up to one percent, on the state individual  
16 income tax of each individual residing in the county at the  
17 end of the individual's applicable tax year. However, the  
18 cumulative total of the percents of income surtax imposed on  
19 any taxpayer in the county shall not exceed twenty percent.  
20 The reason for imposing the surtax and the amount needed  
21 shall be set out in the ordinance. The surtax rate shall be  
22 set to raise only the amount needed. For purposes of this  
23 section, "*state individual income tax*" means the tax computed  
24 under section 422.5, less the amounts of nonrefundable credits  
25 allowed under chapter 422, division II, ~~except for the Iowa~~  
26 ~~taxpayers trust fund tax credit allowed under section 422.11E.~~

27 Sec. 52. REPEAL. Section 422.11E, Code 2018, is repealed.

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

30 Sec. 54. RETROACTIVE APPLICABILITY. The following apply  
31 retroactively to January 1, 2018, for tax years beginning on  
32 or after that date:

33 1. The section of this division of this Act amending section  
34 257.21.

35 2. The section of this division of this Act repealing



1 section 422.11E.

2 3. The section of this division of this Act amending section  
3 422D.2.

4 DIVISION VI

5 TAXPAYERS TRUST FUND TRANSFER CAP

6 Sec. 55. Section 8.55, subsection 2, paragraph a, Code 2018,  
7 is amended to read as follows:

8 *a.* ~~The first sixty million dollars of the~~ difference between  
9 the actual net revenue for the general fund of the state for  
10 the fiscal year and the adjusted revenue estimate for the  
11 fiscal year shall be transferred to the taxpayers trust fund  
12 created in section 8.57E.

13 Sec. 56. EFFECTIVE DATE. This division of this Act takes  
14 effect July 1, 2019.

15 Sec. 57. APPLICABILITY. This division of this Act is first  
16 applicable to calculate the state general fund expenditure  
17 limitation for the fiscal year beginning July 1, 2020.

18 DIVISION VII

19 INDIVIDUAL INCOME TAX CHANGES BEGINNING IN TAX YEAR 2018

20 Sec. 58. Section 422.7, Code 2018, is amended by adding the  
21 following new subsections:

22 NEW SUBSECTION. 51. *a.* Notwithstanding any other provision  
23 of law to the contrary, the increased expensing allowance under  
24 section 179 of the Internal Revenue Code, as amended by Pub.  
25 L. No. 115-97, §13101, applies in computing net income for  
26 state tax purposes for tax years beginning on or after January  
27 1, 2018, subject to the limitations in this subsection for tax  
28 years beginning prior to January 1, 2020.

29 *b.* If the taxpayer has taken the increased expensing  
30 allowance under section 179 of the Internal Revenue Code,  
31 as amended by Pub. L. No. 115-97, §13101, for purposes of  
32 computing federal adjusted gross income for tax years beginning  
33 on or after January 1, 2018, but before January 1, 2020, then  
34 the taxpayer shall make the following adjustments to federal  
35 adjusted gross income when computing net income for state tax

1 purposes for the same tax year:

2 (1) Add the total amount of expense deduction taken on  
3 section 179 property allowable for federal tax purposes under  
4 section 179 of the Internal Revenue Code, as amended by Pub.  
5 L. No. 115-97, §13101.

6 (2) (a) For tax years beginning on or after January  
7 1, 2018, but before January 1, 2019, subtract the amount  
8 of expense deduction on section 179 property allowable for  
9 federal tax purposes under section 179 of the Internal Revenue  
10 Code, as amended by Pub. L. No. 115-97, §13101, not to exceed  
11 seventy thousand dollars. The subtraction in this subparagraph  
12 division shall be reduced, but not below zero, by the amount by  
13 which the total cost of section 179 property placed in service  
14 by the taxpayer during the tax year exceeds two hundred eighty  
15 thousand dollars.

16 (b) For tax years beginning on or after January 1, 2019,  
17 but before January 1, 2020, subtract the amount of expense  
18 deduction on section 179 property allowable for federal tax  
19 purposes under section 179 of the Internal Revenue Code, as  
20 amended by Pub. L. No. 115-97, §13101, not to exceed one  
21 hundred thousand dollars. The subtraction in this subparagraph  
22 division shall be reduced, but not below zero, by the amount by  
23 which the total cost of section 179 property placed in service  
24 by the taxpayer during the tax year exceeds four hundred  
25 thousand dollars.

26 (3) Any other adjustments to gains or losses necessary to  
27 reflect adjustments made in subparagraphs (1) and (2).

28 *c.* The director shall adopt rules pursuant to chapter 17A  
29 to administer this subsection.

30 NEW SUBSECTION. 52. *a.* For tax years beginning on or  
31 after January 1, 2018, but before January 1, 2020, a taxpayer  
32 may elect to take advantage of this subsection in lieu of  
33 subsection 51, but only if the taxpayer's total expensing  
34 allowance deduction for federal tax purposes under section 179  
35 of the Internal Revenue Code, as amended by Pub. L. No. 115-97,

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1 §13101, that is allocated to the taxpayer from one or more  
2 partnerships, S corporations, or limited liability companies  
3 electing to have the income taxed directly to the individual  
4 exceeds seventy thousand dollars for a tax year beginning  
5 during the 2018 calendar year, or exceeds one hundred thousand  
6 dollars for a tax year beginning during the 2019 calendar year,  
7 and would, except as provided in this subsection, be limited  
8 for purposes of computing net income for state tax purposes  
9 pursuant to subsection 51.

10 b. A taxpayer who elects to take advantage of this  
11 subsection shall make the following adjustments to federal  
12 adjusted gross income when computing net income for state tax  
13 purposes:

14 (1) Add the total amount of section 179 expense  
15 deduction allocated to the taxpayer from all partnerships, S  
16 corporations, or limited liability companies electing to have  
17 the income taxed directly to the individual, to the extent the  
18 allocated amount was allowed as a deduction to the taxpayer  
19 for federal tax purposes for the tax year under section 179 of  
20 the Internal Revenue Code, as amended by Pub. L. No. 115-97,  
21 §13101.

22 (2) From the amount added in subparagraph (1), do the  
23 following:

24 (a) For tax years beginning on or after January 1, 2018,  
25 but before January 1, 2019, subtract the first seventy thousand  
26 dollars of expensing allowance deduction on section 179  
27 property.

28 (b) For tax years beginning on or after January 1, 2019,  
29 but before January 1, 2020, subtract the first one hundred  
30 thousand dollars of expensing allowance deduction on section  
31 179 property.

32 (3) The remaining amount, equal to the difference between  
33 the amount added in subparagraph (1), and the amount subtracted  
34 in subparagraph (2), may be deducted by the taxpayer but such  
35 deduction shall be amortized equally over five tax years

1 beginning in the following tax year.

2 (4) Any other adjustments to gains or losses necessary to  
3 reflect adjustments made in subparagraphs (1) through (3).

4 *c.* A taxpayer who elects to take advantage of this  
5 subsection shall not take the increased expensing allowance  
6 under section 179 of the Internal Revenue Code, as amended by  
7 Pub. L. No. 115-97, §13101, for any section 179 property placed  
8 in service by the taxpayer in computing adjusted gross income  
9 for state tax purposes. If the taxpayer has taken any such  
10 deduction for purposes of computing federal adjusted gross  
11 income, the taxpayer shall make the following adjustments to  
12 federal adjusted gross income when computing net income for  
13 state tax purposes:

14 (1) Add the total amount of expense deduction for federal  
15 tax purposes taken on section 179 property placed in service by  
16 the taxpayer under section 179 of the Internal Revenue Code, as  
17 amended by Pub. L. No. 115-97, §13101.

18 (2) Subtract the amount of depreciation allowable on such  
19 property under the modified accelerated cost recovery system  
20 described in section 168 of the Internal Revenue Code, without  
21 regard to section 168(k) of the Internal Revenue Code. The  
22 taxpayer shall continue to take depreciation on the applicable  
23 property in future tax years to the extent allowed under the  
24 modified accelerated cost recovery system described in section  
25 168 of the Internal Revenue Code, without regard to section  
26 168(k) of the Internal Revenue Code.

27 (3) Any other adjustments to gains or losses necessary to  
28 reflect the adjustments made in subparagraphs (1) and (2).

29 *d.* The election made under this subsection is for one tax  
30 year and the taxpayer may elect or not elect to take advantage  
31 of this subsection in any subsequent tax year. However, not  
32 electing to take advantage of this subsection in a subsequent  
33 tax year shall not affect the taxpayer's ability to claim the  
34 tax deduction under paragraph "b", subparagraph (3), that  
35 originated from a previous tax year.

1 e. The director shall adopt rules pursuant to chapter 17A  
2 to administer this subsection.

3 Sec. 59. Section 422.9, subsection 2, paragraph h, Code  
4 2018, is amended to read as follows:

5 h. For purposes of calculating the deductions in this  
6 subsection that are authorized under the Internal Revenue Code,  
7 and to the extent that any of such deductions is determined by  
8 an individual's federal adjusted gross income, the individual's  
9 federal adjusted gross income is computed in accordance with  
10 section 422.7, subsections 39, 39A, 39B, 51, 52, and 53.

11 Sec. 60. TAX-FREE IRA DISTRIBUTIONS TO CERTAIN PUBLIC  
12 CHARITIES FOR INDIVIDUALS SEVENTY AND ONE-HALF YEARS OF AGE  
13 OR OLDER. Notwithstanding any other provision of law to the  
14 contrary, for tax years beginning during the 2018 calendar  
15 year, the exclusion from federal adjusted gross income for  
16 certain qualified charitable distributions from an individual  
17 retirement plan provided in section 408(d)(8) of the Internal  
18 Revenue Code, as amended by Pub. L. No. 114-113, division Q,  
19 §112, applies in computing net income for state tax purposes.

20 Sec. 61. STATE SALES AND USE TAX DEDUCTION.  
21 Notwithstanding any other provision of law to the contrary, for  
22 tax years beginning during the 2018 calendar year, a taxpayer  
23 who elects to itemize deductions for state tax purposes under  
24 section 422.9, subsection 2, is allowed to take the deduction  
25 for state sales and use tax in lieu of the deduction for state  
26 and local income taxes under section 164(b)(5) of the Internal  
27 Revenue Code, as amended by Pub. L. No. 114-113, division Q,  
28 §106, in computing taxable income for state tax purposes, but  
29 only if the taxpayer elected to deduct state sales and use  
30 taxes in lieu of state and local income taxes for federal tax  
31 purposes for the same tax year.

32 Sec. 62. EARNED INCOME TAX CREDIT FOR 2018.  
33 Notwithstanding the definition of "Internal Revenue Code"  
34 in section 422.3, for tax years beginning during the 2018  
35 calendar year, any reference to the term "Internal Revenue

1 Code" in section 422.12B shall mean the Internal Revenue Code  
2 of 1954, prior to the date of its redesignation as the Internal  
3 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
4 the Internal Revenue Code of 1986 as amended and in effect on  
5 January 1, 2016, but shall not be construed to include any  
6 amendment to the Internal Revenue Code enacted after January 1,  
7 2016, including any amendment with retroactive applicability  
8 or effectiveness.

9       Sec. 63. ACCOUNTING METHOD AND OTHER MISCELLANEOUS  
10 COUPLING PROVISIONS FOR TAX YEAR 2018. Notwithstanding any  
11 other provision of law to the contrary, amendments to the  
12 Internal Revenue Code enacted in Pub. L. No. 115-97, §13102,  
13 §13221, §13504, §13541, §13543, §13611, and §13613, apply in  
14 calculating federal adjusted gross income or federal taxable  
15 income, as applicable, for state tax purposes for purposes of  
16 chapter 422 for tax years beginning during the 2018 calendar  
17 year to the extent those amendments affect the calculation of  
18 federal adjusted gross income or federal taxable income, as  
19 applicable, for federal tax purposes for tax years beginning  
20 during the 2018 calendar year.

21       Sec. 64. TEACHER EXPENSE DEDUCTION. Notwithstanding  
22 any other provision of law to the contrary, for tax years  
23 beginning during the 2018 calendar year, a taxpayer is allowed  
24 to take the deduction for certain expenses of elementary and  
25 secondary school teachers allowed under section 62(a)(2)(D) of  
26 the Internal Revenue Code, as amended by Pub. L. No. 114-113,  
27 division Q, §104, in computing net income for state tax  
28 purposes.

29       Sec. 65. EFFECTIVE DATE. This division of this Act, being  
30 deemed of immediate importance, takes effect upon enactment.

31       Sec. 66. RETROACTIVE APPLICABILITY. Except as otherwise  
32 provided in this division of this Act, this division of this  
33 Act applies retroactively to January 1, 2018, for tax years  
34 beginning on or after that date, but before January 1, 2019.

35       Sec. 67. RETROACTIVE APPLICABILITY. The following apply

1 retroactively to January 1, 2018, for tax years beginning on  
2 or after that date:

3 1. The section of this division of this Act enacting section  
4 422.7, subsections 51 and 52.

5 2. The section of this division of this Act amending section  
6 422.9, subsection 2, paragraph "h".

7 DIVISION VIII

8 INDIVIDUAL AND CORPORATE INCOME TAX AND FRANCHISE TAX CHANGES  
9 BEGINNING IN TAX YEAR 2019

10 Sec. 68. Section 15.335, subsection 7, paragraph b, Code  
11 2018, is amended by striking the paragraph and inserting in  
12 lieu thereof the following:

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

15 Sec. 69. Section 422.3, subsection 5, Code 2018, is amended  
16 to read as follows:

17 5. "*Internal Revenue Code*" means one of the following:

18 *a.* For tax years beginning during the 2019 calendar year,  
19 "Internal Revenue Code" means the Internal Revenue Code of  
20 1954, prior to the date of its redesignation as the Internal  
21 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
22 the Internal Revenue Code of 1986 as amended and in effect on  
23 January 1, 2015 March 24, 2018. This definition shall not be  
24 construed to include any amendment to the Internal Revenue Code  
25 enacted after the date specified in the preceding sentence,  
26 including any amendment with retroactive applicability or  
27 effectiveness.

28 *b.* For tax years beginning on or after January 1, 2020,  
29 "Internal Revenue Code" means the Internal Revenue Code of  
30 1954, prior to the date of its redesignation as the Internal  
31 Revenue Code of 1986 by the Tax Reform Act of 1986, or means the  
32 Internal Revenue Code of 1986, as amended.

33 Sec. 70. Section 422.4, subsection 16, Code 2018, is amended  
34 to read as follows:

35 16. The words "*taxable income*" mean the net income as

1 defined in section 422.7 minus the deductions allowed by  
2 section 422.9, in the case of individuals; in the case of  
3 estates or trusts, the words "*taxable income*" mean the taxable  
4 income ~~(without a deduction for personal exemption)~~ as  
5 computed for federal income tax purposes under the Internal  
6 Revenue Code, but with the following adjustments specified in  
7 ~~section 422.7 plus the Iowa income tax deducted in computing~~  
8 ~~the federal taxable income and minus federal income taxes as~~  
9 ~~provided in section 422.9.:~~

10 a. Add back the personal exemption deduction taken in  
11 computing federal taxable income.

12 b. Make the adjustments specified in section 422.7.

13 c. Add back Iowa income tax deducted in computing federal  
14 taxable income.

15 d. Subtract federal income taxes as provided in section  
16 422.9.

17 e. Add back the following percentage of the qualified  
18 business income deduction under section 199A of the Internal  
19 Revenue Code taken in calculating federal taxable income for  
20 the applicable tax year:

21 (1) For tax years beginning on or after January 1, 2019, but  
22 before January 1, 2021, seventy-five percent.

23 (2) For tax years beginning during the 2021 calendar year,  
24 fifty percent.

25 (3) For tax years beginning on or after January 1, 2022,  
26 twenty-five percent.

27 Sec. 71. Section 422.5, subsection 1, Code 2018, is amended  
28 to read as follows:

29 1. a. A tax is imposed upon every resident and nonresident  
30 of the state which tax shall be levied, collected, and paid  
31 annually upon and with respect to the entire taxable income  
32 as defined in this division at rates as follows: provided in  
33 section 422.5A.

34 ~~a. On all taxable income from zero through one thousand~~  
35 ~~dollars, thirty-six hundredths of one percent.~~



1 ~~*b.*— On all taxable income exceeding one thousand dollars but~~  
2 ~~not exceeding two thousand dollars, seventy-two hundredths of~~  
3 ~~one percent.~~

4 ~~*c.*— On all taxable income exceeding two thousand dollars~~  
5 ~~but not exceeding four thousand dollars, two and forty-three~~  
6 ~~hundredths percent.~~

7 ~~*d.*— On all taxable income exceeding four thousand dollars but~~  
8 ~~not exceeding nine thousand dollars, four and one-half percent.~~

9 ~~*e.*— On all taxable income exceeding nine thousand dollars~~  
10 ~~but not exceeding fifteen thousand dollars, six and twelve~~  
11 ~~hundredths percent.~~

12 ~~*f.*— On all taxable income exceeding fifteen thousand dollars~~  
13 ~~but not exceeding twenty thousand dollars, six and forty-eight~~  
14 ~~hundredths percent.~~

15 ~~*g.*— On all taxable income exceeding twenty thousand dollars~~  
16 ~~but not exceeding thirty thousand dollars, six and eight-tenths~~  
17 ~~percent.~~

18 ~~*h.*— On all taxable income exceeding thirty thousand dollars~~  
19 ~~but not exceeding forty-five thousand dollars, seven and~~  
20 ~~ninety-two hundredths percent.~~

21 ~~*i.*— On all taxable income exceeding forty-five thousand~~  
22 ~~dollars, eight and ninety-eight hundredths percent.~~

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

33 (2) (a) The tax imposed upon the taxable income of a  
34 resident shareholder in an S corporation or of an estate  
35 or trust with a situs in Iowa that is a shareholder in an S

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

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

27 Sec. 72. Section 422.5, subsection 2, paragraph a, Code  
28 2018, is amended to read as follows:

29 a. There is imposed upon every resident and nonresident of  
30 this state, including estates and trusts, the greater of the  
31 tax determined in subsection 1, ~~paragraphs "a" through "j"~~, or  
32 the state alternative minimum tax equal to seventy-five percent  
33 of the maximum state individual income tax rate for the tax  
34 year, rounded to the nearest one-tenth of one percent, times  
35 the state alternative minimum taxable income of the taxpayer as

1 computed under this subsection.

2 Sec. 73. NEW SECTION. 422.5A Tax rates.

3 The tax imposed in section 422.5 shall be calculated at the  
4 following rates:

5 1. On all taxable income from 0 through \$1,000, the rate of  
6 0.33 percent.

7 2. On all taxable income exceeding \$1,000 but not exceeding  
8 \$2,000, the rate of 0.67 percent.

9 3. On all taxable income exceeding \$2,000 but not exceeding  
10 \$4,000, the rate of 2.25 percent.

11 4. On all taxable income exceeding \$4,000 but not exceeding  
12 \$9,000, the rate of 4.14 percent.

13 5. On all taxable income exceeding \$9,000 but not exceeding  
14 \$15,000, the rate of 5.63 percent.

15 6. On all taxable income exceeding \$15,000 but not exceeding  
16 \$20,000, the rate of 5.96 percent.

17 7. On all taxable income exceeding \$20,000 but not exceeding  
18 \$30,000, the rate of 6.25 percent.

19 8. On all taxable income exceeding \$30,000 but not exceeding  
20 \$45,000, the rate of 7.44 percent.

21 9. On all taxable income exceeding \$45,000, the rate of 8.53  
22 percent.

23 Sec. 74. Section 422.5, subsection 6, Code 2018, is amended  
24 to read as follows:

25 6. Upon determination of the latest cumulative inflation  
26 factor, the director shall multiply each dollar amount set  
27 forth in ~~subsection 1, paragraphs "a" through "i"~~ section  
28 422.5A by this cumulative inflation factor, shall round  
29 off the resulting product to the nearest one dollar, and  
30 shall incorporate the result into the income tax forms and  
31 instructions for each tax year.

32 Sec. 75. Section 422.7, subsection 39A, unnumbered  
33 paragraph 1, Code 2018, is amended by striking the unnumbered  
34 paragraph and inserting in lieu thereof the following:

35 The additional first-year depreciation allowance authorized

1 in section 168(k) of the Internal Revenue Code does not  
2 apply in computing net income for state tax purposes. If the  
3 taxpayer has taken the additional first-year depreciation  
4 allowance for purposes of computing federal adjusted gross  
5 income, then the taxpayer shall make the following adjustments  
6 to federal adjusted gross income when computing net income for  
7 state tax purposes:

8     Sec. 76. Section 422.7, Code 2018, is amended by adding the  
9 following new subsection:

10     NEW SUBSECTION. 59. *a.* The rules for nonrecognition  
11 of gain or loss from exchanges of real property held for  
12 productive use or investment and not held primarily for sale,  
13 as provided in section 1031 of the Internal Revenue Code, apply  
14 for state income tax purposes with regard to exchanges of real  
15 property.

16     *b.* (1) The rules for nonrecognition of gain or loss  
17 from exchanges of property other than real property held for  
18 productive use or investment as provided in section 1031 of the  
19 Internal Revenue Code, as amended up to and including December  
20 21, 2017, apply for state income tax purposes for tax years  
21 beginning during the 2019 calendar year, notwithstanding any  
22 other provision of law to the contrary. If the taxpayer's  
23 federal adjusted gross income includes gain or loss from  
24 property, other than real property described in paragraph "a",  
25 and the taxpayer elects to have this paragraph apply, the  
26 following adjustments shall be made:

27     (a) (i) Subtract the total amount of gain related to the  
28 sale or exchange of the property as properly reported for  
29 federal tax purposes under the Internal Revenue Code.

30     (ii) Add back any gain related to the sale or exchange  
31 of the property to the extent such gain does not qualify for  
32 deferral under section 1031 of the Internal Revenue Code, as  
33 amended up to and including December 21, 2017, which gain  
34 shall be calculated using the taxpayer's adjusted basis in the  
35 property for state tax purposes.

1 (b) (i) Add the total amount of loss related to the sale or  
2 exchange of the property as properly reported for federal tax  
3 purposes under the Internal Revenue Code.

4 (ii) Subtract any loss related to the sale or exchange  
5 of the property to the extent such loss does not qualify for  
6 deferral under section 1031 of the Internal Revenue Code, as  
7 amended up to and including December 21, 2017, which loss  
8 shall be calculated using the taxpayer's adjusted basis in the  
9 property for state tax purposes.

10 (c) Any other adjustments to gains, losses, deductions, or  
11 tax basis for the property given up or received in the sale or  
12 exchange pursuant to rules adopted by the director.

13 (2) The director shall adopt rules pursuant to chapter 17A  
14 to administer this paragraph.

15 c. This subsection is repealed January 1, 2020, for tax  
16 years beginning on or after that date.

17 Sec. 77. Section 422.8, subsection 2, paragraph a, Code  
18 2018, is amended to read as follows:

19 a. Nonresident's net income allocated to Iowa is the net  
20 income, or portion of net income, which is derived from a  
21 business, trade, profession, or occupation carried on within  
22 this state or income from any property, trust, estate, or  
23 other source within Iowa. However, income derived from a  
24 business, trade, profession, or occupation carried on within  
25 this state and income from any property, trust, estate, or  
26 other source within Iowa shall not include distributions from  
27 pensions, including defined benefit or defined contribution  
28 plans, annuities, individual retirement accounts, and deferred  
29 compensation plans or any earnings attributable thereto so long  
30 as the distribution is directly related to an individual's  
31 documented retirement and received while the individual is a  
32 nonresident of this state. If a business, trade, profession,  
33 or occupation is carried on partly within and partly without  
34 the state, only the portion of the net income which is fairly  
35 and equitably attributable to that part of the business,

1 trade, profession, or occupation carried on within the state  
2 is allocated to Iowa for purposes of section 422.5, subsection  
3 1, paragraph ~~"j"~~ "b", and section 422.13 and income from any  
4 property, trust, estate, or other source partly within and  
5 partly without the state is allocated to Iowa in the same  
6 manner, except that annuities, interest on bank deposits and  
7 interest-bearing obligations, and dividends are allocated  
8 to Iowa only to the extent to which they are derived from a  
9 business, trade, profession, or occupation carried on within  
10 the state. Net income described in section 29C.24, subsection  
11 3, paragraph "a", subparagraph (3), and paragraph "b",  
12 subparagraph (2), shall not be allocated and apportioned to the  
13 state, as provided in section 29C.24.

14 Sec. 78. Section 422.9, unnumbered paragraph 1, Code 2018,  
15 is amended to read as follows:

16 In computing taxable income of individuals, there shall be  
17 deducted from net income the larger of the following amounts:  
18 computed under subsection 1 or 2, plus the amount computed  
19 under subsection 2A.

20 Sec. 79. Section 422.9, Code 2018, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 2A. a. The following percentage of the  
23 qualified business income deduction under section 199A of the  
24 Internal Revenue Code taken in calculating federal taxable  
25 income for the applicable tax year:

26 (1) For tax years beginning on or after January 1, 2019, but  
27 before January 1, 2021, twenty-five percent.

28 (2) For tax years beginning during the 2021 calendar year,  
29 fifty percent.

30 (3) For tax years beginning on or after January 1, 2022,  
31 seventy-five percent.

32 b. Notwithstanding paragraph "a", and section 422.4,  
33 subsection 16, paragraph "e", for an entity electing or required  
34 to file a composite return under section 422.13, subsection 5,  
35 the deduction allowed under this subsection for purposes of the

1 composite return shall be an amount equal to the applicable  
2 percentage described in paragraph "a" of the deduction that  
3 would be allowable for federal income tax purposes under  
4 section 199A of the Internal Revenue Code by an individual  
5 taxpayer reporting the same items of income and loss that are  
6 included in the composite return.

7 Sec. 80. Section 422.9, subsection 2, paragraph i, Code  
8 2018, is amended to read as follows:

9 *i.* The deduction for state sales and use taxes is allowable  
10 only if the taxpayer elected to deduct the state sales and use  
11 taxes in lieu of state income taxes under section 164 of the  
12 Internal Revenue Code. A deduction for state sales and use  
13 taxes is not allowed if the taxpayer has taken the deduction  
14 for state income taxes or claimed the standard deduction under  
15 section 63 of the Internal Revenue Code. This paragraph  
16 applies to taxable years beginning after ~~December 31, 2003, and~~  
17 ~~before January 1, 2008, and to taxable years beginning after~~  
18 ~~December 31, 2009, and before January 1, 2015~~ December 31,  
19 2018.

20 Sec. 81. Section 422.9, subsection 2, Code 2018, is amended  
21 by adding the following new paragraph:

22 NEW PARAGRAPH. *1.* The limitation on the deduction of  
23 certain taxes in section 164(b)(6) of the Internal Revenue  
24 Code does not apply in computing taxable income for state tax  
25 purposes. A taxpayer is allowed to deduct taxes in computing  
26 taxable income as otherwise provided in this subsection without  
27 regard to section 164(b)(6), as enacted by Pub. L. No. 115-97,  
28 §11042.

29 Sec. 82. Section 422.9, subsection 3, paragraph d, Code  
30 2018, is amended to read as follows:

31 *d.* Notwithstanding paragraph "a", for a taxpayer who is  
32 engaged in the trade or business of farming as defined in  
33 section 263A(e)(4) of the Internal Revenue Code and has a loss  
34 from farming as defined in section ~~172(b)(1)(F)~~ 172(b)(1)(B) of  
35 the Internal Revenue Code including modifications prescribed by

1 rule by the director, the Iowa loss from the trade or business  
2 of farming is a net operating loss which may be carried back  
3 five taxable years prior to the taxable year of the loss.

4 Sec. 83. Section 422.9, subsection 5, Code 2018, is amended  
5 to read as follows:

6 5. A taxpayer affected by section 422.8 shall, ~~if the~~  
7 ~~optional standard deduction is not used,~~ be permitted to deduct  
8 only such portion of the total referred to in ~~subsection~~  
9 subsections 2 above and 2A as is fairly and equitably allocable  
10 to Iowa under the rules prescribed by the director.

11 Sec. 84. Section 422.9, subsections 6 and 7, Code 2018, are  
12 amended by striking the subsections.

13 Sec. 85. Section 422.10, subsection 3, paragraph b, Code  
14 2018, is amended by striking the paragraph.

15 Sec. 86. Section 422.11B, Code 2018, is amended to read as  
16 follows:

17 **422.11B Minimum tax credit.**

18 1. a. There is allowed as a credit against the tax  
19 determined in section 422.5, subsection 1, ~~paragraphs "a"~~  
20 ~~through "j"~~ for a tax year an amount equal to the minimum tax  
21 credit for that tax year.

22 b. The minimum tax credit for a tax year is the excess,  
23 if any, of the net minimum tax imposed for all prior tax  
24 years beginning on or after January 1, 1987, over the amount  
25 allowable as a credit under this section for those prior tax  
26 years.

27 2. a. The allowable credit under subsection 1 for a tax  
28 year shall not exceed the excess, if any, of the tax determined  
29 in section 422.5, subsection 1, ~~paragraphs "a" through "j"~~ over  
30 the state alternative minimum tax as determined in section  
31 422.5, subsection 2.

32 b. The net minimum tax for a tax year is the excess, if any,  
33 of the tax determined in section 422.5, subsection 2, for the  
34 tax year over the tax determined in section 422.5, subsection  
35 1, ~~paragraphs "a" through "j"~~ for the tax year.



1     Sec. 87. Section 422.32, subsection 1, paragraph h, Code  
2 2018, is amended to read as follows:

3     *h.* "Internal Revenue Code" means one of the following:

4     (1) For tax years beginning during the 2019 calendar year,  
5 "Internal Revenue Code" means the Internal Revenue Code of  
6 1954, prior to the date of its redesignation as the Internal  
7 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
8 the Internal Revenue Code of 1986 as amended and in effect on  
9 January 1, 2015 March 24, 2018. This definition shall not be  
10 construed to include any amendment to the Internal Revenue Code  
11 enacted after the date specified in the preceding sentence,  
12 including any amendment with retroactive applicability or  
13 effectiveness.

14     (2) For tax years beginning on or after January 1, 2020,  
15 "Internal Revenue Code" means the Internal Revenue Code of  
16 1954, prior to the date of its redesignation as the Internal  
17 Revenue Code of 1986 by the Tax Reform Act of 1986, or means the  
18 Internal Revenue Code of 1986, as amended.

19     Sec. 88. Section 422.33, subsection 1, paragraphs a, b, c,  
20 and d, Code 2018, are amended to read as follows:

21     *a.* On the first twenty-five thousand dollars of taxable  
22 income, or any part thereof, the rate of six percent for tax  
23 years beginning prior to January 1, 2021, and the rate of  
24 five and one-half percent for tax years beginning on or after  
25 January 1, 2021.

26     *b.* On taxable income between twenty-five thousand dollars  
27 and one hundred thousand dollars or any part thereof, the rate  
28 of eight percent for tax years beginning prior to January 1,  
29 2021, and the rate of five and one-half percent for tax years  
30 beginning on or after January 1, 2021.

31     *c.* On taxable income between one hundred thousand dollars  
32 and two hundred fifty thousand dollars or any part thereof, the  
33 rate of ten percent for tax years beginning prior to January 1,  
34 2021, and the rate of nine percent for tax years beginning on  
35 or after January 1, 2021.

1     *d.* On taxable income of two hundred fifty thousand dollars  
2 or more, the rate of twelve percent for tax years beginning  
3 prior to January 1, 2021, and the rate of nine and eight-tenths  
4 percent for tax years beginning on or after January 1, 2021.

5     Sec. 89. Section 422.33, subsection 4, paragraph a, Code  
6 2018, is amended to read as follows:

7     *a.* In addition to all taxes imposed under this division,  
8 there is imposed upon each corporation doing business within  
9 the state the greater of the tax determined in subsection 1,  
10 paragraphs "a" through "d" or the state alternative minimum tax  
11 equal to sixty percent of the maximum state corporate income  
12 tax rate for the tax year, rounded to the nearest one-tenth of  
13 one percent, of the state alternative minimum taxable income of  
14 the taxpayer computed under this subsection.

15     Sec. 90. Section 422.33, subsection 4, paragraph b,  
16 subparagraph (1), Code 2018, is amended to read as follows:

17     (1) Add items of tax preference included in federal  
18 alternative minimum taxable income under section 57, except  
19 subsections (a)(1) and (a)(5), of the Internal Revenue Code,  
20 make the adjustments included in federal alternative minimum  
21 taxable income under section 56, except subsections (a)(4) and  
22 (d), of the Internal Revenue Code, and add losses as required  
23 by section 58 of the Internal Revenue Code. In making the  
24 adjustment under section 56(c)(1) of the Internal Revenue Code,  
25 interest and dividends from federal securities and interest  
26 and dividends from state and other political subdivisions and  
27 from regulated investment companies exempt from federal income  
28 tax under the Internal Revenue Code, net of amortization of  
29 any discount or premium, shall be subtracted. For purposes of  
30 this subparagraph, "Internal Revenue Code" means the Internal  
31 Revenue Code of 1954, prior to the date of its redesignation  
32 as the Internal Revenue Code of 1986 by the Tax Reform Act of  
33 1986, or means the Internal Revenue Code of 1986 as amended and  
34 in effect on December 21, 2017. This definition shall not be  
35 construed to include any amendment to the Internal Revenue Code

1 enacted after the date specified in the preceding sentence,  
2 including any amendment with retroactive applicability or  
3 effectiveness.

4 Sec. 91. Section 422.33, subsection 4, Code 2018, is amended  
5 by adding the following new paragraph:

6 NEW PARAGRAPH. c. This subsection is repealed January 1,  
7 2021, for tax years beginning on or after that date.

8 Sec. 92. Section 422.33, subsection 5, paragraph e,  
9 subparagraph (2), Code 2018, is amended by striking the  
10 subparagraph.

11 Sec. 93. Section 422.33, subsection 7, Code 2018, is amended  
12 to read as follows:

13 7. a. (1) There For tax years beginning before January 1,  
14 2022, there is allowed as a credit against the tax determined  
15 in subsection 1 for a tax year an amount equal to the minimum  
16 tax credit for that tax year.

17 (2) The minimum tax credit for a tax year is the excess,  
18 if any, of the net minimum tax imposed for all prior tax years  
19 beginning on or after January 1, 1987, but before January  
20 1, 2021, over the amount allowable as a credit under this  
21 subsection for those prior tax years.

22 b. (1) The allowable credit under paragraph "a" for a tax  
23 year beginning before January 1, 2021, shall not exceed the  
24 excess, if any, of the tax determined in subsection 1 over  
25 the state alternative minimum tax as determined in subsection  
26 4. The allowable credit under paragraph "a" for a tax year  
27 beginning in the 2021 calendar year shall not exceed the tax  
28 determined in subsection 1.

29 (2) The net minimum tax for a tax year is the excess, if  
30 any, of the tax determined in subsection 4 for the tax year  
31 over the tax determined in subsection 1 for the tax year.

32 c. This subsection is repealed January 1, 2022, for tax  
33 years beginning on or after that date.

34 Sec. 94. Section 422.35, subsection 4, Code 2018, is amended  
35 to read as follows:

1     4. ~~a. Subtract~~ For tax years beginning before January 1,  
2 2022, subtract fifty percent of the federal income taxes paid  
3 ~~or accrued, as the case may be,~~ during the tax year to the  
4 extent payment is for a tax year beginning prior to January 1,  
5 2021, adjusted by any federal income tax refunds; ~~and add the~~  
6 ~~Iowa income tax deducted in computing said taxable income to~~  
7 the extent the tax was deducted for a tax year beginning prior  
8 to January 1, 2021.

9     b. Add the Iowa income tax deducted in computing federal  
10 taxable income.

11     Sec. 95. Section 422.35, Code 2018, is amended by adding the  
12 following new subsections:

13     NEW SUBSECTION. 14. a. The increased expensing allowance  
14 under section 179 of the Internal Revenue Code applies in  
15 computing net income for state tax purposes for tax years  
16 beginning on or after January 1, 2019, subject to the  
17 limitations in this subsection for tax years beginning on or  
18 after January 1, 2019, but before January 1, 2020.

19     b. If the taxpayer has taken the increased expensing  
20 allowance under section 179 of the Internal Revenue Code for  
21 purposes of computing federal taxable income for tax years  
22 beginning on or after January 1, 2019, but before January 1,  
23 2020, then the taxpayer shall make the following adjustments to  
24 federal taxable income when computing net income for state tax  
25 purposes for the same tax year:

26     (1) Add the total amount of expense deduction taken on  
27 section 179 property allowable for federal tax purposes under  
28 section 179 of the Internal Revenue Code.

29     (2) Subtract the amount of expense deduction on section  
30 179 property allowable for federal tax purposes under section  
31 179 of the Internal Revenue Code, not to exceed one hundred  
32 thousand dollars. The subtraction in this subparagraph shall  
33 be reduced, but not below zero, by the amount by which the  
34 total cost of section 179 property placed in service by the  
35 taxpayer during the tax year exceeds four hundred thousand

1 dollars.

2 (3) Any other adjustments to gains or losses necessary to  
3 reflect adjustments made in subparagraphs (1) and (2).

4 c. The director shall adopt rules pursuant to chapter 17A  
5 to administer this subsection.

6 NEW SUBSECTION. 15. a. For tax years beginning on or  
7 after January 1, 2019, but before January 1, 2020, a taxpayer  
8 may elect to take advantage of this subsection in lieu of  
9 subsection 14, but only if the taxpayer's total expensing  
10 allowance deduction for federal tax purposes under section  
11 179 of the Internal Revenue Code that is allocated to the  
12 taxpayer from one or more partnerships or limited liability  
13 companies electing to have the income taxed directly to the  
14 owners exceeds one hundred thousand dollars and would, except  
15 as provided in this subsection, be limited for purposes  
16 of computing net income for state tax purposes pursuant to  
17 subsection 14.

18 b. A taxpayer who elects to take advantage of this  
19 subsection shall make the following adjustments to federal  
20 taxable income when computing net income for state tax  
21 purposes:

22 (1) Add the total amount of section 179 expense deduction  
23 allocated to the taxpayer from all partnerships or limited  
24 liability companies electing to have the income taxed directly  
25 to the owners, to the extent the allocated amount was allowed  
26 as a deduction to the taxpayer for federal tax purposes for the  
27 tax year under section 179 of the Internal Revenue Code.

28 (2) From the amount added in subparagraph (1), subtract  
29 the first one hundred thousand dollars of expensing allowance  
30 deduction on section 179 property.

31 (3) The remaining amount, equal to the difference between  
32 the amount added in subparagraph (1), and the amount subtracted  
33 in subparagraph (2), may be deducted by the taxpayer but such  
34 deduction shall be amortized equally over five tax years  
35 beginning in the following tax year.

1 (4) Any other adjustments to gains or losses necessary to  
2 reflect adjustments made in subparagraphs (1) through (3).

3 c. A taxpayer who elects to take advantage of this  
4 subsection shall not take the increased expensing allowance  
5 under section 179 of the Internal Revenue Code for any section  
6 179 property placed in service by the taxpayer in computing  
7 taxable income for state tax purposes. If the taxpayer has  
8 taken any such deduction for purposes of computing federal  
9 taxable income, the taxpayer shall make the following  
10 adjustments to federal taxable income when computing net income  
11 for state tax purposes:

12 (1) Add the total amount of expense deduction for federal  
13 tax purposes taken on section 179 property placed in service by  
14 the taxpayer under section 179 of the Internal Revenue Code.

15 (2) Subtract the amount of depreciation allowable on such  
16 property under the modified accelerated cost recovery system  
17 described in section 168 of the Internal Revenue Code, without  
18 regard to section 168(k) of the Internal Revenue Code. The  
19 taxpayer shall continue to take depreciation on the applicable  
20 property in future tax years to the extent allowed under the  
21 modified accelerated cost recovery system described in section  
22 168 of the Internal Revenue Code, without regard to section  
23 168(k) of the Internal Revenue Code.

24 (3) Any other adjustments to gains or losses necessary to  
25 reflect the adjustments made in subparagraphs (1) and (2).

26 d. The director shall adopt rules pursuant to chapter 17A  
27 to administer this subsection.

28 Sec. 96. Section 422.35, subsection 19A, unnumbered  
29 paragraph 1, Code 2018, is amended by striking the unnumbered  
30 paragraph and inserting in lieu thereof the following:

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

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

4 Sec. 97. EFFECTIVE DATE. This division of this Act takes  
5 effect January 1, 2019.

6 Sec. 98. APPLICABILITY. This division of this Act applies  
7 to tax years beginning on or after January 1, 2019.

8 DIVISION IX

9 FUTURE CONTINGENT INCOME AND CORPORATE TAX AND FRANCHISE TAX  
10 CHANGES

11 Sec. 99. Section 12D.9, subsection 2, Code 2018, is amended  
12 to read as follows:

13 2. State income tax treatment of the Iowa educational  
14 savings plan trust shall be as provided in section 422.7,  
15 subsections 18, 32, and 33.

16 Sec. 100. Section 217.39, Code 2018, is amended to read as  
17 follows:

18 **217.39 Persecuted victims of World War II — reparations —**  
19 **heirs.**

20 Notwithstanding any other law of this state, payments paid  
21 to and income from lost property of a victim of persecution  
22 for racial, ethnic, or religious reasons by Nazi Germany or  
23 any other Axis regime or as an heir of such victim which is  
24 ~~exempt from state income tax as provided~~ described in section  
25 422.7, subsection 35, Code 2018, shall not be considered as  
26 income or an asset for determining the eligibility for state or  
27 local government benefit or entitlement programs. The proceeds  
28 are not subject to recoupment for the receipt of governmental  
29 benefits or entitlements, and liens, except liens for child  
30 support, are not enforceable against these sums for any reason.

31 Sec. 101. Section 422.4, subsection 1, paragraphs b and c,  
32 Code 2018, are amended to read as follows:

33 *b. "Cumulative inflation factor"* means the product of the  
34 annual inflation factor for the ~~1988~~ calendar year beginning on  
35 January 1 of the calendar year that this division of this Act

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

6 c. The annual inflation factor for the ~~1988~~ calendar year  
7 beginning on January 1 of the calendar year that this division  
8 of this Act takes effect is one hundred percent.

9 Sec. 102. Section 422.4, subsection 2, Code 2018, is amended  
10 by striking the subsection.

11 Sec. 103. Section 422.4, subsection 16, Code 2018, is  
12 amended by striking the subsection and inserting in lieu  
13 thereof the following:

14 16. "*Taxable income*" means, in the case of individuals,  
15 the net income as defined in section 422.7 minus the deduction  
16 allowed by section 422.9, if available. "*Taxable income*" means,  
17 in the case of estates or trusts, the taxable income without  
18 a deduction for personal exemption as computed for federal  
19 income tax purposes under the Internal Revenue Code, but with  
20 the adjustments specified in section 422.7, and the deduction  
21 allowed by section 422.9, if available.

22 Sec. 104. Section 422.5, subsection 1, paragraph j,  
23 subparagraph (2), subparagraph division (b), Code 2018, is  
24 amended to read as follows:

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

30 Sec. 105. Section 422.5, subsection 2, Code 2018, is amended  
31 by striking the subsection.

32 Sec. 106. Section 422.5, subsections 3 and 3B, Code 2018,  
33 are amended to read as follows:

34 3. a. The tax shall not be imposed on a resident or  
35 nonresident whose net income, as defined in section 422.7, is



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

1 is claimed as a dependent by another person as defined in  
2 section 422.12 shall not receive the benefit of this subsection  
3 if the person claiming the dependent has net income exceeding  
4 thirteen thousand five hundred dollars or nine thousand dollars  
5 as applicable or the person claiming the dependent and the  
6 person's spouse have combined net income exceeding thirteen  
7 thousand five hundred dollars or nine thousand dollars as  
8 applicable.

9     **b.** In lieu of the computation in subsection 1 ~~or 2~~, or in  
10 paragraph "a" of this subsection, if the married persons',  
11 filing jointly ~~or filing separately on a combined return~~,  
12 head of household's, or surviving spouse's net income exceeds  
13 thirteen thousand five hundred dollars, the regular tax imposed  
14 under this division shall be the lesser of the maximum state  
15 individual income tax rate times the portion of the net income  
16 in excess of thirteen thousand five hundred dollars or the  
17 regular tax liability computed without regard to this sentence.  
18 Taxpayers electing to file separately shall compute the  
19 alternate tax described in this paragraph using the total net  
20 income of the husband and wife. The alternate tax described  
21 in this paragraph does not apply if one spouse elects to carry  
22 back or carry forward the a net operating loss as provided  
23 under the Internal Revenue Code or in section 422.9, subsection  
24 3.

25     **3B. a.** The tax shall not be imposed on a resident or  
26 nonresident who is at least sixty-five years old on December  
27 31 of the tax year and whose net income, as defined in section  
28 422.7, is thirty-two thousand dollars or less in the case  
29 of married persons filing jointly ~~or filing separately on a~~  
30 ~~combined return~~, heads of household, and surviving spouses or  
31 twenty-four thousand dollars or less in the case of all other  
32 persons; but in the event that the payment of tax under this  
33 division would reduce the net income to less than thirty-two  
34 thousand dollars or twenty-four thousand dollars as applicable,  
35 then the tax shall be reduced to that amount which would result

1 in allowing the taxpayer to retain a net income of thirty-two  
2 thousand dollars or twenty-four thousand dollars as applicable.  
3 The preceding sentence does not apply to estates or trusts.  
4 For the purpose of this subsection, the entire net income,  
5 including any part of the net income not allocated to Iowa,  
6 shall be taken into account. For purposes of this subsection,  
7 net income includes all amounts of pensions or other retirement  
8 income, except for military retirement pay excluded under  
9 section 422.7, subsection 31A, paragraph "a", or section 422.7,  
10 subsection 31B, paragraph "a", received from any source which is  
11 not taxable under this division as a result of the government  
12 pension exclusions in section 422.7, or any other state law.  
13 In calculating net income for purposes of this subsection, any  
14 amount of itemized or standard deduction, personal exemption  
15 deduction, or qualified business income deduction that was  
16 allowed as a deduction in computing federal taxable income  
17 under the Internal Revenue Code shall be added back. If the  
18 combined net income of a husband and wife exceeds thirty-two  
19 thousand dollars, neither of them shall receive the benefit  
20 of this subsection, and it is immaterial whether they file a  
21 joint return or separate returns. However, if a husband and  
22 wife file separate returns and have a combined net income of  
23 thirty-two thousand dollars or less, neither spouse shall  
24 receive the benefit of this paragraph, if one spouse has a net  
25 operating loss and elects to carry back or carry forward the  
26 loss as provided under the Internal Revenue Code or in section  
27 422.9, ~~subsection 3.~~ A person who is claimed as a dependent by  
28 another person as defined in section 422.12 shall not receive  
29 the benefit of this subsection if the person claiming the  
30 dependent has net income exceeding thirty-two thousand dollars  
31 or twenty-four thousand dollars as applicable or the person  
32 claiming the dependent and the person's spouse have combined  
33 net income exceeding thirty-two thousand dollars or twenty-four  
34 thousand dollars as applicable.  
35     *b.* In lieu of the computation in subsection 1, ~~2,~~ or 3, if

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

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

18 Sec. 107. Section 422.5A, as enacted in this Act, Code  
19 2018, is amended by striking the section and inserting in lieu  
20 thereof the following:

21 **422.5A Tax rates.**

22 1. The tax imposed in section 422.5 shall be calculated  
23 at the following rates in the case of a married couple filing  
24 jointly:

25 a. On all taxable income from 0 through \$12,000, the rate of  
26 4.40 percent.

27 b. On all taxable income exceeding \$12,000 but not exceeding  
28 \$60,000, the rate of 4.82 percent.

29 c. On all taxable income exceeding \$60,000 but not exceeding  
30 \$150,000, the rate of 5.70 percent.

31 d. On all taxable income exceeding \$150,000, the rate of  
32 6.50 percent.

33 2. The tax imposed in section 422.5 shall be calculated at  
34 the following rates in the case of any taxpayer other than a  
35 married couple filing jointly:

1     *a.* On all taxable income from 0 through \$6,000, the rate of  
2 4.40 percent.

3     *b.* On all taxable income exceeding \$6,000 but not exceeding  
4 \$30,000, the rate of 4.82 percent.

5     *c.* On all taxable income exceeding \$30,000 but not exceeding  
6 \$75,000, the rate of 5.70 percent.

7     *d.* On all taxable income exceeding \$75,000, the rate of 6.50  
8 percent.

9     Sec. 108. Section 422.7, unnumbered paragraph 1, Code 2018,  
10 is amended to read as follows:

11     The term "*net income*" means the ~~adjusted gross income before~~  
12 ~~the net operating loss deduction~~ taxable income as properly  
13 computed for federal income tax purposes under section 63 of  
14 the Internal Revenue Code, with the following adjustments:

15     Sec. 109. Section 422.7, Code 2018, is amended by adding the  
16 following new subsections:

17     NEW SUBSECTION. 4. Add any federal net operating loss  
18 deduction carried over from a taxable year beginning prior to  
19 January 1 of the calendar year that this division of this Act  
20 takes effect.

21     NEW SUBSECTION. 6. *a.* For tax years beginning in the  
22 calendar year that this division of this Act takes effect,  
23 subtract the amount of federal income taxes paid during the  
24 tax year to the extent payment is for a tax year beginning  
25 prior to January 1 of the calendar year that this division of  
26 this Act takes effect, and add any federal income tax refunds  
27 received during the tax year to the extent the federal income  
28 tax was deducted for a tax year beginning prior to January 1 of  
29 the calendar year that this division of this Act takes effect.  
30 Where married persons who have filed a joint federal income  
31 tax return file separately for state tax purposes, such total  
32 shall be divided between them according to the portion of the  
33 total paid by each. Federal income taxes paid for a tax year  
34 in which an Iowa return was not required to be filed shall not  
35 be subtracted.

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

6     Sec. 110. Section 422.7, subsection 5, Code 2018, is amended  
7 to read as follows:

8     5. Individual taxpayers and married taxpayers who file a  
9 joint federal income tax return and who elect to file a joint  
10 return, or separate returns, ~~or separate filing on a combined~~  
11 ~~return~~ for Iowa income tax purposes, may avail themselves of  
12 the disability income exclusion and shall compute the amount  
13 of the disability income exclusion subject to the limitations  
14 for joint federal income tax return filers provided by section  
15 105(d) of the Internal Revenue Code. The disability income  
16 exclusion provided in section 105(d) of the Internal Revenue  
17 Code, as amended up to and including December 31, 1982,  
18 continues to apply for state income tax purposes for tax years  
19 beginning on or after January 1, 1984.

20     Sec. 111. Section 422.7, subsection 13, Code 2018, is  
21 amended by striking the subsection and inserting in lieu  
22 thereof the following:

23     13. Subtract, to the extent included, the amount of social  
24 security benefits taxable under section 86 of the Internal  
25 Revenue Code.

26     Sec. 112. Section 422.7, Code 2018, is amended by adding the  
27 following new subsections:

28     NEW SUBSECTION. 18. Add, to the extent deducted for federal  
29 tax purposes, charitable contributions under section 170 of  
30 the Internal Revenue Code to the extent such contribution was  
31 made to an organization for the purpose of deposit in the Iowa  
32 education savings plan trust established in chapter 12D, and  
33 the taxpayer designated that any part of the contribution be  
34 used for the direct benefit of any dependent of the taxpayer or  
35 any other single beneficiary designated by the taxpayer.

1     NEW SUBSECTION. 19. *a.* Subtract, to the extent included,  
2 income resulting from the payment by an employer of the  
3 taxpayer, whether paid to the taxpayer or to a lender, of  
4 principal or interest on any qualified education loan incurred  
5 by the taxpayer.

6     *b.* If the taxpayer has a deduction in computing federal  
7 taxable income under section 221 of the Internal Revenue Code  
8 for interest on a qualified education loan, the taxpayer shall  
9 recompute for purposes of this subsection the amount of the  
10 deduction under paragraph "a" by not subtracting any amount of  
11 income resulting from the employer's payment of interest on a  
12 qualified education loan that was also deducted by the taxpayer  
13 under section 221 of the Internal Revenue Code.

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

17     Sec. 113. Section 422.7, subsection 21, Code 2018, is  
18 amended by striking the subsection and inserting in lieu  
19 thereof the following:

20     21. *a.* For purposes of this subsection:

21     (1) "*Farming business*" means the raising and harvesting  
22 of crops or forest or fruit trees, the rearing, feeding, and  
23 management of livestock, or horticulture, all for intended  
24 profit.

25     (2) "*Held*" shall be determined with reference to the holding  
26 period provisions of section 1223 of the Internal Revenue Code  
27 and the federal regulations pursuant thereto.

28     (3) "*Materially participated*" means the same as "*material*  
29 *participation*" in section 469(h) of the Internal Revenue Code.

30     (4) (a) "*Real property used in a farming business*" means all  
31 tracts of land and the improvements and structures located on  
32 them which are in good faith used primarily for agricultural  
33 purposes except buildings which are primarily used or intended  
34 for human habitation. Land and the nonresidential improvements  
35 and structures located on it shall be considered to be used

1 primarily for agricultural purposes if its principal use is  
2 devoted to the raising and harvesting of crops or forest or  
3 fruit trees, the rearing, feeding, and management of livestock,  
4 or horticulture, all for intended profit. Woodland, wasteland,  
5 and pastureland shall qualify but only if such land is held or  
6 operated in conjunction with real property that otherwise meets  
7 the requirements of this paragraph.

8 (b) Real property classified as agricultural property for  
9 Iowa property tax purposes, except real property described  
10 in section 441.21, subsection 12, paragraphs "a" or "b",  
11 shall be presumed to be real property used in a farming  
12 business. This presumption is rebuttable by the department by  
13 a preponderance of evidence that the real property did not meet  
14 the requirements of subparagraph division (a).

15 (5) "Relative" means an individual that satisfies one or  
16 more of the following conditions:

17 (a) The individual is related to the taxpayer by  
18 consanguinity within the second degree as determined by common  
19 law.

20 (b) The individual is a lineal descendent of the taxpayer.  
21 For purposes of this subparagraph division, "lineal descendent"  
22 means children of the taxpayer, including legally adopted  
23 children and biological children, stepchildren, grandchildren,  
24 great-grandchildren, and any other lineal descendent of the  
25 taxpayer.

26 b. Subtract the net capital gain from the sale of real  
27 property used in a farming business if all of the following  
28 conditions are satisfied:

29 (1) The taxpayer has materially participated in the farming  
30 business for a minimum of ten years immediately preceding the  
31 sale.

32 (2) The taxpayer has held the real property used in a  
33 farming business for a minimum of ten years immediately  
34 preceding the sale.

35 (3) The real property used in a farming business is sold to



1 a relative of the taxpayer.

2     *c.* (1) If the relative to whom the taxpayer sold the  
3 real property used in a farming business that qualified  
4 for the deduction in this subsection subsequently sells or  
5 otherwise transfers all or part of said real property to a  
6 person who is not a relative of the taxpayer within five years  
7 of the original sale, the subsequent sale or transfer shall  
8 be considered prima facie evidence that the original sale  
9 was entered into by the taxpayer primarily to obtain the tax  
10 benefits provided in this subsection, and the deduction under  
11 this subsection for the original sale shall be disallowed for  
12 the taxpayer with respect to that real property subsequently  
13 sold or transferred by the relative.

14     (2) The prima facie determination in subparagraph (1) may be  
15 rebutted by the taxpayer by a preponderance of evidence showing  
16 that at the time of the original sale by the taxpayer of the  
17 real property used in a farming business, all of the following  
18 conditions were satisfied:

19     (a) The taxpayer had a substantial purpose for entering into  
20 the sale transaction apart from the state tax benefits.

21     (b) The taxpayer did not intend that the real property would  
22 subsequently be sold or transferred to a person who is not a  
23 relative of the taxpayer.

24     (c) The taxpayer had no actual or constructive knowledge of  
25 the buyer's intent to subsequently sell or transfer the real  
26 property to a person who is not a relative of the taxpayer.

27     (3) Notwithstanding section 422.25, subsection 1, paragraph  
28 "a", the period of limitation for examination and determination  
29 of tax with regard to the deduction provided in this subsection  
30 shall be one of the following dates, whichever occurs later:

31     (a) The date which is three years after the date that the  
32 return upon which the deduction in this subsection is claimed  
33 is filed.

34     (b) The date which is three years after the date that the  
35 return upon which the deduction in this subsection is claimed

1 is due, including any extensions.

2 (c) The date which is six years after the date of the sale  
3 of the real property used in a farming business for which the  
4 deduction in this subsection is claimed.

5 d. To the extent otherwise allowed, the deduction provided  
6 in this subsection is not allowed for purposes of computing the  
7 income for the taxable year or years for which a net operating  
8 loss is deducted under the Internal Revenue Code or under  
9 subsection 422.9.

10 Sec. 114. Section 422.7, subsection 29, Code 2018, is  
11 amended to read as follows:

12 29. a. Subtract For a taxpayer who is sixty-five years  
13 of age or older and whose net income is less than one hundred  
14 thousand dollars, subtract, to the extent not otherwise  
15 deducted in computing adjusted-gross federal taxable income,  
16 the amounts paid by the taxpayer for the purchase of health  
17 benefits coverage or insurance for the taxpayer or taxpayer's  
18 spouse or dependent.

19 b. For purposes of this subsection, "net income" means net  
20 income as properly computed under this section without regard  
21 to the deduction in this subsection and with the following  
22 additional adjustments:

23 (1) Add back any amount of pensions or other retirement  
24 income received from any source which is not taxable under this  
25 division, including but not limited to amounts deductible under  
26 subsections 13, 31, 31A, and 31B.

27 (2) Add back any amount of itemized or standard deduction,  
28 personal exemption deduction, or qualified business income  
29 deduction that was allowed as a deduction from federal adjusted  
30 gross income in computing federal taxable income under the  
31 Internal Revenue Code.

32 Sec. 115. Section 422.7, subsection 31, Code 2018, is  
33 amended to read as follows:

34 31. For a person who is disabled, or is fifty-five years of  
35 age or older, or is the surviving spouse of an individual or

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

25 Sec. 116. Section 422.7, subsection 41, Code 2018, is  
26 amended by adding the following new paragraph:

27 NEW PARAGRAPH. *0e.* Add, to the extent deducted for  
28 federal tax purposes, interest, taxes, and other miscellaneous  
29 expenses to the extent such amounts are eligible home costs  
30 in connection with a qualified home purchase that were paid  
31 or reimbursed from funds in a first-time homebuyer savings  
32 account.

33 Sec. 117. Section 422.7, subsection 47, Code 2018, is  
34 amended to read as follows:

35 47. Subtract, to the extent not otherwise deducted in

1 computing ~~adjusted-gross~~ federal taxable income, the amounts  
2 paid by the taxpayer to the department of veterans affairs for  
3 the purpose of providing grants under the injured veterans  
4 grant program established in section 35A.14. Amounts  
5 subtracted under this subsection shall not be used by the  
6 taxpayer in computing the amount of charitable contributions as  
7 defined by section 170 of the Internal Revenue Code.

8 Sec. 118. Section 422.7, subsections 3, 7, 8, 9, 10, 11, 14,  
9 15, 16, 20, 22, 24, 25, 26, 30, 35, 36, 37, 39, 39B, 40, 43, 45,  
10 49, 53, 55, 56, 57, and 58, Code 2018, are amended by striking  
11 the subsections.

12 Sec. 119. Section 422.8, subsection 4, Code 2018, is amended  
13 by striking the subsection.

14 Sec. 120. Section 422.9, Code 2018, is amended by striking  
15 the section and inserting in lieu thereof the following:

16 **422.9 Carry over of Iowa net operating loss.**

17 Any Iowa net operating loss carried over from a taxable year  
18 beginning prior to January 1 of the calendar year that this  
19 division of this Act takes effect may be deducted as provided  
20 in section 422.9, subsection 3, Code 2018.

21 Sec. 121. Section 422.11B, Code 2018, is amended to read as  
22 follows:

23 **422.11B Minimum tax credit.**

24 1. *a.* ~~There~~ For tax years beginning before January 1 of the  
25 calendar year following the calendar year that this division  
26 of this Act takes effect, there is allowed as a credit against  
27 the tax determined in section 422.5, subsection 1, ~~paragraphs~~  
28 ~~"a" through "j"~~ for a tax year an amount equal to the minimum  
29 tax credit for that tax year.

30 *b.* The minimum tax credit for a tax year is the excess, if  
31 any, of the net minimum tax imposed for all prior tax years  
32 beginning on or after January 1, 1987, but before January 1 of  
33 the calendar year that this division of this Act takes effect,  
34 over the amount allowable as a credit under this section for  
35 those prior tax years.

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

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

16     3. This section is repealed January 1 of the calendar year  
17 following the calendar year that this division of this Act  
18 takes effect, for tax years beginning on or after January 1  
19 of the calendar year following the calendar year that this  
20 division of this Act takes effect.

21     Sec. 122. Section 422.11S, subsection 4, Code 2018, is  
22 amended to read as follows:

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

1     Sec. 123. Section 422.12B, subsection 2, Code 2018, is  
2 amended to read as follows:

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

12     Sec. 124. Section 422.12C, subsection 4, Code 2018, is  
13 amended to read as follows:

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

30     Sec. 125. Section 422.13, subsection 1, paragraph c, Code  
31 2018, is amended by striking the paragraph.

32     Sec. 126. Section 422.16, subsection 1, paragraph f, Code  
33 2018, is amended by striking the paragraph.

34     Sec. 127. Section 422.21, subsections 2, 5, and 7, Code  
35 2018, are amended to read as follows:

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

1     5. The director shall determine for the ~~1989~~ calendar year  
2 that this division of this Act takes effect and each subsequent  
3 calendar year the annual and cumulative inflation factors for  
4 each calendar year to be applied to tax years beginning on or  
5 after January 1 of that calendar year. The director shall  
6 compute the new dollar amounts as specified to be adjusted in  
7 section 422.5 by the latest cumulative inflation factor and  
8 round off the result to the nearest one dollar. The annual and  
9 cumulative inflation factors determined by the director are not  
10 rules as defined in section 17A.2, subsection 11. ~~The director~~  
11 ~~shall determine for the 1990 calendar year and each subsequent~~  
12 ~~calendar year the annual and cumulative standard deduction~~  
13 ~~factors to be applied to tax years beginning on or after~~  
14 ~~January 1 of that calendar year. The director shall compute~~  
15 ~~the new dollar amounts of the standard deductions specified in~~  
16 ~~section 422.9, subsection 1, by the latest cumulative standard~~  
17 ~~deduction factor and round off the result to the nearest ten~~  
18 ~~dollars. The annual and cumulative standard deduction factors~~  
19 ~~determined by the director are not rules as defined in section~~  
20 ~~17A.2, subsection 11.~~

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

28     Sec. 128. Section 422.35, unnumbered paragraph 1, Code  
29 2018, is amended to read as follows:

30     The term "*net income*" means the taxable income ~~before the~~  
31 ~~net operating loss deduction~~, as properly computed for federal  
32 income tax purposes under the Internal Revenue Code, with the  
33 following adjustments:

34     Sec. 129. Section 422.35, subsection 11, Code 2018, is  
35 amended by striking the subsection and inserting in lieu



1 thereof the following:

2 11. a. Add any federal net operating loss deduction carried  
3 over from a taxable year beginning prior to January 1 of the  
4 calendar year that this division of this Act takes effect.

5 b. Any Iowa net operating loss carried over from a taxable  
6 year beginning prior to January 1 of the calendar year that  
7 this division of this Act takes effect may be deducted as  
8 provided in section 422.35, subsection 11, Code 2018.

9 Sec. 130. Section 422.35, subsections 3, 4, 5, 7, 8, 10,  
10 16, 17, 18, 19, 19B, 20, 22, and 24, Code 2018, are amended by  
11 striking the subsections.

12 Sec. 131. Section 541B.3, subsection 1, paragraph b, Code  
13 2018, is amended to read as follows:

14 b. A married couple electing to file a joint Iowa individual  
15 income tax return may establish a joint first-time homebuyer  
16 savings account. Married taxpayers electing to file separate  
17 tax returns ~~or separately on a combined tax return~~ for Iowa tax  
18 purposes shall not establish or maintain a joint first-time  
19 homebuyer savings account.

20 Sec. 132. Section 541B.6, Code 2018, is amended to read as  
21 follows:

22 **541B.6 Tax considerations.**

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

26 **Sec. 133. CONTINGENT EFFECTIVE DATE — NET GENERAL FUND**  
27 **REVENUES CALCULATION — ANNUAL REPORTS.**

28 1. This division of this Act takes effect on January 1,  
29 2023, if both of the following conditions are satisfied:

30 a. The net general fund revenues for the fiscal year ending  
31 June 30, 2022, equal or exceed eight billion three hundred  
32 fourteen million six hundred thousand dollars.

33 b. The net general fund revenues for the fiscal year ending  
34 June 30, 2022, equal or exceed one hundred and four percent of  
35 the net general fund revenues for the fiscal year ending June

1 30, 2021.

2 2. If the provisions of subsection 1 are not satisfied  
3 and this division of this Act does not take effect on January  
4 1, 2023, then this division of this Act shall take effect on  
5 January 1 following the first fiscal year for which both of the  
6 following conditions are satisfied:

7 a. The net general fund revenues for that fiscal year ending  
8 June 30 equal or exceed eight billion three hundred fourteen  
9 million six hundred thousand dollars.

10 b. The net general fund revenues for that fiscal year ending  
11 June 30 equal or exceed one hundred and four percent of the  
12 net general fund revenues for the fiscal year ending June 30  
13 immediately preceding that fiscal year.

14 3. a. For purposes of this section, "net general fund  
15 revenues" means total appropriated general fund revenues  
16 excluding transfers from reserve funds, less the sum of tax and  
17 other refunds and school infrastructure transfers, all made on  
18 an accrual basis as computed for purposes of the comprehensive  
19 annual financial reports of the state.

20 b. Net general fund revenues shall be calculated by  
21 the department of management, in consultation with the  
22 department of revenue, for each fiscal year beginning on  
23 or after July 1, 2020, until such time as this division of  
24 this Act takes effect, in accordance with rules adopted by  
25 the department of management. The department of management  
26 shall adopt rules pursuant to chapter 17A for calculating net  
27 general fund revenues as defined in paragraph "a", including  
28 rules defining "total appropriated general fund revenues",  
29 "transfers from reserve funds", "tax and other refunds", and  
30 "school infrastructure transfers", and including the types  
31 and categories of receipts that will be included within each  
32 definition and in the calculation of net general fund revenues.

33 c. The department of management shall submit an annual  
34 report to the governor and general assembly by November 1  
35 following the close of each fiscal year beginning on or after

1 July 1, 2020, until such time as this division of this Act  
2 takes effect, which report shall identify the net general fund  
3 revenues for the fiscal year and shall include a detailed  
4 description of the net general fund revenues calculation made  
5 by the department of management.

6 Sec. 134. APPLICABILITY. This division of this Act applies  
7 to tax years beginning on or after the effective date of this  
8 division of this Act.

9 DIVISION X

10 CHANGES TO IOWA EDUCATIONAL SAVINGS PLAN TRUST AND IOWA ABLE  
11 SAVINGS PLAN TRUST

12 Sec. 135. Section 12D.1, Code 2018, is amended to read as  
13 follows:

14 **12D.1 Purpose and definitions.**

15 1. The general assembly finds that the general welfare and  
16 well-being of the state are directly related to educational  
17 levels and skills of the citizens of the state, and that a  
18 vital and valid public purpose is served by the creation and  
19 implementation of programs which encourage and make possible  
20 the attainment of higher formal education by the greatest  
21 number of citizens of the state. ~~The state has limited~~  
22 ~~resources to provide additional programs for higher education~~  
23 ~~funding and the continued operation and maintenance of the~~  
24 ~~state's public institutions of higher education and the general~~  
25 welfare of the citizens of the state will be enhanced by  
26 establishing a program which allows citizens of the state to  
27 invest money in a public trust for future application to the  
28 payment of ~~higher education costs~~ qualified education expenses.  
29 The creation of the means of encouragement for citizens to  
30 invest in such a program represents the carrying out of a  
31 vital and valid public purpose. In order to make available  
32 to the citizens of the state an opportunity to fund future  
33 higher formal education needs, it is necessary that a public  
34 trust be established in which moneys may be invested for future  
35 educational use.

1 2. As used in this chapter, unless the context otherwise  
2 requires:

3 *a.* "Account balance limit" means the maximum allowable  
4 aggregate balance of accounts established for the same  
5 beneficiary. Account earnings, if any, are included in the  
6 account balance limit.

7 *b.* "Administrative fund" means the administrative fund  
8 established under section 12D.4.

9 *c.* "Beneficiary" means the individual designated by a  
10 participation agreement to benefit from advance payments of  
11 ~~higher education costs~~ qualified education expenses on behalf  
12 of the beneficiary.

13 *d.* "Benefits" means the payment of ~~higher education costs~~  
14 qualified education expenses on behalf of a beneficiary by the  
15 trust during the beneficiary's attendance at an ~~institution of~~  
16 ~~higher education~~ a qualified educational institution.

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

20 ~~*f.*~~ *e.* "Institution of higher education" means an institution  
21 described in section 481 of the federal Higher Education Act of  
22 1965, 20 U.S.C. §1088, which is eligible to participate in the  
23 United States department of education's student aid programs.

24 ~~*g.*~~ *f.* "Internal Revenue Code" means the same as defined  
25 in section 12I.1.

26 ~~*h.*~~ *g.* "Iowa educational savings plan trust" or "trust" means  
27 the trust created under section 12D.2.

28 ~~*i.*~~ *h.* "Participant" means an individual, individual's legal  
29 representative, trust, estate, or an organization described  
30 in section 501(c)(3) of the Internal Revenue Code and exempt  
31 from taxation under section 501(a) of the Internal Revenue  
32 Code, that has entered into a participation agreement under  
33 this chapter for the advance payment of ~~higher education costs~~  
34 qualified education expenses on behalf of a beneficiary.

35 ~~*j.*~~ *i.* "Participation agreement" means an agreement between

1 a participant and the trust entered into under this chapter.

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

4 k. "Qualified education expenses" means the same as  
5 "qualified higher education expenses" as defined in section  
6 529(e)(3) of the Internal Revenue Code, as amended by Pub. L.  
7 No. 115-97, and shall include elementary and secondary school  
8 expenses for tuition described in section 529(c)(7) of the  
9 Internal Revenue Code, subject to the limitations imposed by  
10 section 529(e)(3)(A) of the Internal Revenue Code.

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

15 ~~l.~~ m. "~~Tuition and fees~~" "Tuition" means the quarter, or  
16 semester, or annual charges imposed to attend an institution  
17 of higher education a qualified educational institution and  
18 required as a condition of enrollment or attendance.

19 Sec. 136. Section 12D.2, subsections 2, 5, 9, and 14, Code  
20 2018, are amended to read as follows:

21 2. Enter into agreements with any ~~institution of higher~~  
22 education qualified educational institution, the state, or any  
23 federal or other state agency, or other entity as required to  
24 implement this chapter.

25 5. Carry out studies and projections so the treasurer of  
26 state may advise participants regarding present and estimated  
27 future ~~higher education costs~~ qualified education expenses  
28 and levels of financial participation in the trust required  
29 in order to enable participants to achieve their educational  
30 funding objectives.

31 9. Make payments to ~~institutions of higher education~~  
32 qualified educational institutions, participants, or  
33 beneficiaries, pursuant to participation agreements on behalf  
34 of beneficiaries.

35 14. Establish, impose, and collect administrative fees

1 and charges in connection with transactions of the trust, and  
2 provide for reasonable service charges, ~~including penalties for~~  
3 ~~cancellations and late payments with respect to participation~~  
4 ~~agreements.~~

5 Sec. 137. Section 12D.3, subsections 1 and 2, Code 2018, are  
6 amended to read as follows:

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

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

24 2. The execution of a participation agreement by the trust  
25 shall not guarantee in any way that ~~higher education costs~~  
26 qualified education expenses will be equal to projections  
27 and estimates provided by the trust or that the beneficiary  
28 named in any participation agreement will attain any of the  
29 following:

30 a. Be admitted to an ~~institution of higher education~~ a  
31 qualified educational institution.

32 b. If admitted, be determined a resident for tuition  
33 purposes by the ~~institution of higher education~~ qualified  
34 educational institution.

35 c. Be allowed to continue attendance at the ~~institution of~~

1 ~~higher education~~ qualified educational institution following  
2 admission.

3 *d.* Graduate from the ~~institution of higher education~~  
4 qualified educational institution.

5 Sec. 138. Section 12D.3, Code 2018, is amended by adding the  
6 following new subsection:

7 NEW SUBSECTION. 5. A participant may designate a successor  
8 in accordance with rules adopted by the treasurer of state.  
9 The designated successor shall succeed to the ownership of the  
10 account in the event of the death of the participant. In the  
11 event a participant dies and has not designated a successor to  
12 the account, the following criteria shall apply:

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

17 *b.* If the beneficiary of the account is under the age of  
18 eighteen, account ownership shall be transferred to the first  
19 surviving parent or other legal guardian of the beneficiary to  
20 file the appropriate forms in accordance with rules adopted by  
21 the treasurer of state.

22 Sec. 139. Section 12D.4, Code 2018, is amended to read as  
23 follows:

24 **12D.4 Program and administrative funds — investment and**  
25 **payments.**

26 1. *a.* The treasurer of state shall segregate moneys  
27 received by the trust into two funds: the program fund and the  
28 administrative fund.

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

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

34 *d.* A participant or beneficiary ~~shall not provide investment~~  
35 ~~direction regarding program contributions or earnings held by~~

1 ~~the trust~~ may, directly or indirectly, direct the investment of  
2 any contributions to the trust or any earnings thereon no more  
3 than two times in a calendar year.

4 e. The amount of cash distributions from the trust and all  
5 other qualified state tuition programs under section 529 of  
6 the Internal Revenue Code to a beneficiary during any taxable  
7 year shall, in the aggregate, include no more than ten thousand  
8 dollars in expenses for tuition in connection with enrollment  
9 at an elementary or secondary public, private, or religious  
10 school incurred during the taxable year.

11 2. Moneys accrued by participants in the program fund of  
12 the trust may be used for payments to any ~~institution of higher~~  
13 education qualified educational institution. Payments can be  
14 made to the qualified educational institution, the participant,  
15 or the beneficiary.

16 Sec. 140. Section 12D.6, subsection 1, paragraph a, Code  
17 2018, is amended to read as follows:

18 a. A participant retains ownership of all payments made  
19 under a participation agreement up to the date of utilization  
20 for payment of ~~higher education costs~~ qualified education  
21 expenses for the beneficiary.

22 Sec. 141. Section 12D.6, subsections 2, 3, and 5, Code 2018,  
23 are amended to read as follows:

24 2. In the event the program is terminated prior to payment  
25 of ~~higher education costs~~ qualified education expenses for the  
26 beneficiary, the participant is entitled to a refund of the  
27 participant's account balance.

28 3. ~~The institution of higher education~~ qualified  
29 educational institution shall obtain ownership of the payments  
30 made for the ~~higher education costs~~ qualified education  
31 expenses paid to the institution at the time each payment is  
32 made to the institution.

33 5. A participant may transfer ownership rights to another  
34 ~~eligible individual, including a gift of the ownership rights~~  
35 to a minor beneficiary participant, or may transfer funds to



1 another plan under the trust or to an ABLE account as permitted  
2 under section 529(c)(3)(C) of the Internal Revenue Code.

3 The transfer shall be made and the property distributed in  
4 accordance with rules adopted by the treasurer of state or with  
5 the terms of the participation agreement.

6 Sec. 142. Section 12D.7, Code 2018, is amended to read as  
7 follows:

8 **12D.7 Effect of payments on determination of need and**  
9 **eligibility for student financial aid.**

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

18 Sec. 143. Section 12D.9, subsection 1, paragraph a, Code  
19 2018, is amended to read as follows:

20 a. Pursuant to section 12D.3, subsection 1, paragraph "a",  
21 a participant may make contributions to an account which is  
22 established for the purpose of meeting the qualified ~~higher~~  
23 education expenses of the designated beneficiary of the  
24 account.

25 Sec. 144. Section 422.7, subsection 32, paragraph c, Code  
26 2018, is amended by striking the paragraph and inserting in  
27 lieu thereof the following:

28 c. (1) Add, to the extent previously deducted as a  
29 contribution to the trust, the amount resulting from a  
30 withdrawal or transfer made by the taxpayer from the Iowa  
31 educational savings plan trust for purposes other than any of  
32 the following:

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

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

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

6 (2) For purposes of this paragraph:

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

11 (b) "*Qualified education expenses*" and "*tuition*" all mean the  
12 same as defined in section 12D.1, subsection 2.

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

15 (ii) For purposes of this subparagraph division (c),  
16 "*Internal Revenue Code*" means the Internal Revenue Code of  
17 1954, prior to the date of its redesignation as the Internal  
18 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
19 the Internal Revenue Code of 1986 as amended and in effect on  
20 January 1, 2018. This definition shall not be construed to  
21 include any amendment to the Internal Revenue Code enacted  
22 after the date specified in the preceding sentence, including  
23 any amendment with retroactive applicability or effectiveness.

24 Sec. 145. Section 422.7, subsection 34, Code 2018, is  
25 amended to read as follows:

26 34. a. (1) Subtract the amount contributed during the tax  
27 year on behalf of a designated beneficiary that is a resident  
28 of this state to the Iowa ABLE savings plan trust or to the  
29 qualified ABLE program with which the state has contracted  
30 pursuant to section 12I.10, not to exceed the maximum  
31 contribution level established in section 12I.3, subsection 1,  
32 paragraph "d", or section 12I.10, subsection 2, paragraph "a",  
33 as applicable.

34 (2) This paragraph "a" shall not apply to any amount  
35 of contribution that represents a transfer from the Iowa

1 educational savings plan trust created in chapter 12D that  
2 meets the requirements of subsection 32, paragraph "c",  
3 subparagraph (1), subparagraph division (c), and that was  
4 previously deducted as a contribution to the Iowa educational  
5 savings plan trust.

6     *b.* Add the amount resulting from the cancellation of a  
7 participation agreement refunded to the taxpayer as an account  
8 owner in the Iowa ABLE savings plan trust or the qualified  
9 ABLE program with which the state has contracted pursuant to  
10 section 12I.10 to the extent previously deducted pursuant  
11 to this subsection by the taxpayer or any other person as a  
12 contribution to the trust or qualified ABLE program, or to the  
13 extent the amount was previously deducted by the taxpayer or  
14 any other person pursuant to subsection 32, paragraph "a", and  
15 qualified as a transfer under paragraph "a", subparagraph (2),  
16 of this subsection.

17     *c.* Add the amount resulting from a withdrawal made by a  
18 taxpayer from the Iowa ABLE savings plan trust or the qualified  
19 ABLE program with which the state has contracted pursuant to  
20 section 12I.10 for purposes other than the payment of qualified  
21 disability expenses to the extent previously deducted pursuant  
22 to this subsection by the taxpayer or any other person as a  
23 contribution to the trust or qualified ABLE program, or to the  
24 extent the amount was previously deducted by the taxpayer or  
25 any other person pursuant to subsection 32, paragraph "a", and  
26 qualified as a transfer under paragraph "a", subparagraph (2),  
27 of this subsection.

28     Sec. 146. Section 627.6, Code 2018, is amended by adding the  
29 following new subsection:

30     NEW SUBSECTION. 17. The debtor's interest, whether as  
31 participant or beneficiary, in contributions and assets,  
32 including the accumulated earnings and market increases in  
33 value, held in an account in the Iowa educational savings plan  
34 trust organized under chapter 12D.

35     Sec. 147. EFFECTIVE DATE. This division of this Act, being

1 deemed of immediate importance, takes effect upon enactment.

2 Sec. 148. RETROACTIVE APPLICABILITY.

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

7 2. The sections of this division of this Act amending  
8 section 422.7 apply retroactively to January 1, 2018, for tax  
9 years beginning on or after that date, and for withdrawals from  
10 the Iowa educational savings plan trust made on or after that  
11 date.

12 DIVISION XI

13 SALES AND USE TAXES

14 Sec. 149. Section 15J.4, subsection 3, paragraph f, Code  
15 2018, is amended to read as follows:

16 *f.* The total aggregate amount of state sales tax revenues  
17 and state hotel and motel tax revenues that may be approved by  
18 the board for remittance to all municipalities and that may  
19 be transferred to the state reinvestment district fund under  
20 section ~~423.2, subsection 11,~~ 423.2A or section 423A.6, and  
21 remitted to all municipalities having a reinvestment district  
22 under this chapter shall not exceed one hundred million  
23 dollars.

24 Sec. 150. Section 15J.5, subsection 1, paragraph a, Code  
25 2018, is amended to read as follows:

26 *a.* The department shall calculate quarterly the amount of  
27 new state sales tax revenues for each district established in  
28 the state to be deposited in the state reinvestment district  
29 fund created in section 15J.6, pursuant to section ~~423.2,~~  
30 ~~subsection 11, paragraph "b"~~ 423.2A, subsection 2, subject to  
31 remittance limitations established by the board pursuant to  
32 section 15J.4, subsection 3.

33 Sec. 151. Section 15J.6, subsection 1, Code 2018, is amended  
34 to read as follows:

35 1. A state reinvestment district fund is established in the

1 state treasury under the control of the department consisting  
2 of the new state sales tax revenues collected within each  
3 district and deposited in the fund pursuant to section ~~423.2,~~  
4 ~~subsection 11, paragraph "b"~~ 423.2A, subsection 2, and the  
5 new state hotel and motel tax revenues collected within each  
6 district and deposited in the fund pursuant to section 423A.6.  
7 Moneys deposited in the fund are appropriated to the department  
8 for the purposes of this section. Moneys in the fund shall  
9 only be used for the purposes of this section.

10 Sec. 152. Section 418.11, subsection 1, Code 2018, is  
11 amended to read as follows:

12 1. The department of revenue shall calculate quarterly the  
13 amount of increased sales tax revenues for each governmental  
14 entity approved to use sales tax increment revenues and the  
15 amount of such revenues to be transferred to the sales tax  
16 increment fund pursuant to section ~~423.2, subsection 11,~~  
17 ~~paragraph "b"~~ 423.2A, subsection 2.

18 Sec. 153. Section 418.12, subsection 1, Code 2018, is  
19 amended to read as follows:

20 1. A sales tax increment fund is established as a separate  
21 and distinct fund in the state treasury under the control of  
22 the department of revenue consisting of the amount of the  
23 increased state sales and services tax revenues collected by  
24 the department of revenue within each applicable area specified  
25 in section 418.11, subsection 3, and deposited in the fund  
26 pursuant to section ~~423.2, subsection 11, paragraph "b"~~ 423.2A,  
27 subsection 2. Moneys deposited in the fund are appropriated  
28 to the department of revenue for the purposes of this section.  
29 Moneys in the fund shall only be used for the purposes of this  
30 section.

31 Sec. 154. Section 421.26, Code 2018, is amended to read as  
32 follows:

33 **421.26 Personal liability for tax due.**

34 If a licensee or other person under section 452A.65, a  
35 retailer or purchaser under chapter 423A, 423B, 423C, 423D, or

1 423E, or section 423.14, 423.14A, 423.29, 423.31, 423.32, or  
2 423.33, ~~or a retailer or purchaser under section 423.32,~~ or  
3 a user under section 423.34, or a permit holder or licensee  
4 under section 453A.13, 453A.16, or 453A.44 fails to pay a tax  
5 under those sections when due, an officer of a corporation  
6 or association, notwithstanding section 489.304, a member or  
7 manager of a limited liability company, or a partner of a  
8 partnership, having control or supervision of or the authority  
9 for remitting the tax payments and having a substantial legal  
10 or equitable interest in the ownership of the corporation,  
11 association, limited liability company, or partnership, who has  
12 intentionally failed to pay the tax is personally liable for  
13 the payment of the tax, interest, and penalty due and unpaid.  
14 However, this section shall not apply to taxes on accounts  
15 receivable. The dissolution of a corporation, association,  
16 limited liability company, or partnership shall not discharge a  
17 person's liability for failure to remit the tax due.

18 Sec. 155. Section 423.1, Code 2018, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 22A. "*Information services*" means  
21 delivering or providing access to databases or subscriptions  
22 to information through any tangible or electronic medium.  
23 "*Information services*" includes but is not limited to database  
24 files, research databases, genealogical information, and other  
25 similar information.

26 Sec. 156. Section 423.1, subsection 24, paragraph a, Code  
27 2018, is amended to read as follows:

28 a. "*Lease or rental*" means any transfer of possession  
29 or control of, or access to, tangible personal property or  
30 specified digital products for a fixed or indeterminate term  
31 for consideration. A "*lease or rental*" may include future  
32 options to purchase or extend.

33 Sec. 157. Section 423.1, subsection 37, Code 2018, is  
34 amended to read as follows:

35 37. "*Place of business*" means any warehouse, store,

1 place, office, building, or structure where ~~goods, wares, or~~  
2 ~~merchandise~~ tangible personal property, specified digital  
3 products, or services are offered for sale at retail or where  
4 any taxable amusement is conducted, or each office where gas,  
5 water, heat, communication, or electric services are offered  
6 for sale at retail. When a retailer or amusement operator  
7 sells merchandise by means of vending machines or operates  
8 music or amusement devices by coin-operated machines at more  
9 than one location within the state, the office, building, or  
10 place where the books, papers, and records of the taxpayer are  
11 kept shall be deemed to be the taxpayer's place of business.

12 Sec. 158. Section 423.1, Code 2018, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 36A. "*Personal property*" includes but is  
15 not limited to tangible personal property and specified digital  
16 products.

17 Sec. 159. Section 423.1, subsection 43, paragraph a,  
18 subparagraph (3), Code 2018, is amended to read as follows:

19 (3) Taking possession or making first use of ~~digital goods~~  
20 specified digital products, whichever comes first.

21 Sec. 160. Section 423.1, subsection 47, Code 2018, is  
22 amended to read as follows:

23 47. "*Retailer*" means and includes every person engaged  
24 in the business of selling tangible personal property,  
25 specified digital products, or taxable services at retail, or  
26 the furnishing of gas, electricity, water, or communication  
27 service, and tickets or admissions to places of amusement  
28 and athletic events or operating amusement devices or other  
29 forms of commercial amusement from which revenues are derived.  
30 However, when in the opinion of the director it is necessary  
31 for the efficient administration of this chapter to regard any  
32 agent or affiliate of a retailer as a retailer for purposes  
33 of this chapter, the director may so regard them, or when  
34 it is necessary for the efficient administration of this  
35 chapter to regard any salespersons, representatives, truckers,

1 peddlers, ~~or~~ canvassers, or other persons as agents of the  
2 dealers, distributors, supervisors, employers, or persons under  
3 whom they operate or from whom they obtain tangible personal  
4 property, services, or specified digital products sold by  
5 them irrespective of whether or not they are making sales on  
6 their own behalf or on behalf of such dealers, distributors,  
7 supervisors, employers, or persons, the director may so regard  
8 them, and may regard such dealers, distributors, supervisors,  
9 employers, or persons as retailers for the purposes of this  
10 chapter. *“Retailer”* includes a seller obligated to collect  
11 sales or use tax, including any person obligated to collect  
12 sales and use tax pursuant to section 423.14A.

13 Sec. 161. Section 423.1, subsection 48, paragraph a, Code  
14 2018, is amended to read as follows:

15 a. *“Retailer maintaining a place of business in this state”*  
16 or any like term includes any of the following:

17 (1) A retailer having or maintaining within this state,  
18 directly or by a subsidiary, an office, distribution house,  
19 sales house, warehouse, or other place of business, or any  
20 representative operating within this state under the authority  
21 of the retailer or its subsidiary, irrespective of whether that  
22 place of business or representative is located here permanently  
23 or temporarily, or whether the retailer or subsidiary is  
24 admitted to do business within this state pursuant to chapter  
25 490.

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

28 Sec. 162. Section 423.1, subsection 48, paragraph b,  
29 subparagraph (1), unnumbered paragraph 1, Code 2018, is amended  
30 to read as follows:

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



1     Sec. 163. Section 423.1, subsection 48, paragraph b,  
2 subparagraph (1), subparagraph division (b), Code 2018, is  
3 amended to read as follows:

4     (b) Maintains an office, distribution facility, warehouse,  
5 storage place, or similar place of business in this state to  
6 facilitate the delivery of personal property or services sold  
7 by the retailer to the retailer's customers.

8     Sec. 164. Section 423.1, subsection 50, Code 2018, is  
9 amended to read as follows:

10     50. "*Sales*" or "*sale*" means any transfer, exchange, or  
11 barter, conditional or otherwise, in any manner or by any means  
12 whatsoever, for consideration, including but not limited to any  
13 such transfer, exchange, or barter on a subscription basis.

14     Sec. 165. Section 423.1, Code 2018, is amended by adding the  
15 following new subsection:

16     NEW SUBSECTION. 55A. "*Sold at retail in the state*" and  
17 other references to sales "in the state" or "in this state"  
18 includes but is not limited to sales sourced to this state  
19 under this chapter.

20     Sec. 166. Section 423.1, Code 2018, is amended by adding the  
21 following new subsection:

22     NEW SUBSECTION. 55B. *a.* "*Specified digital products*" means  
23 electronically transferred digital audio-visual works, digital  
24 audio works, digital books, or other digital products.

25     *b.* For purposes of this subsection:

26     (1) "*Digital audio-visual works*" means a series of related  
27 images which, when shown in succession, impart an impression of  
28 motion, together with accompanying sounds, if any.

29     (2) "*Digital audio works*" means works that result from  
30 the fixation of a series of musical, spoken, or other sounds,  
31 including but not limited to ringtones. For purposes of this  
32 subparagraph, "*ringtones*" means digitized sound files that are  
33 downloaded onto a device and that may be used to alert the  
34 customer with respect to a communication.

35     (3) "*Digital books*" means works that are generally

1 recognized in the ordinary and usual sense as books.

2 (4) "*Electronically transferred*" means obtained or accessed  
3 by the purchaser by means other than tangible storage media,  
4 including but not limited to a specified digital product  
5 purchased through a computer software application, commonly  
6 referred to as an in-app purchase, or through another specified  
7 digital product, or through any other means.

8 (5) "*Other digital products*" means greeting cards, images,  
9 video or electronic games or entertainment, news or information  
10 products, and computer software applications.

11 Sec. 167. Section 423.1, Code 2018, is amended by adding the  
12 following new subsection:

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

21 Sec. 168. Section 423.1, subsections 62, 63, and 64, Code  
22 2018, are amended to read as follows:

23 62. "*Use*" means and includes the exercise by any person of  
24 any right or power over or access to tangible personal property  
25 or a specified digital product incident to the ownership of  
26 that property, or any right or power over or access to the  
27 product or result of a service. A retailer's or building  
28 contractor's sale of manufactured housing for use in this  
29 state, whether in the form of tangible personal property or  
30 of realty, is a use of that property for the purposes of this  
31 chapter.

32 63. "*Use tax*" means the tax levied under subchapter III of  
33 this chapter ~~for which the retailer collects and remits tax to~~  
34 ~~the department.~~

35 64. "*User*" means the immediate recipient of the personal

1 property or services who is entitled to exercise a right of or  
2 power over or access to the personal property, or the product  
3 or result of such services.

4 Sec. 169. Section 423.2, subsection 1, paragraph a,  
5 subparagraph (1), Code 2018, is amended to read as follows:

6 (1) Sales of engraving, ~~photography, retouching,~~ printing,  
7 and binding services.

8 Sec. 170. Section 423.2, subsection 6, Code 2018, is amended  
9 to read as follows:

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

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

13 b. Armored car; ~~vehicle.~~

14 c. Vehicle repair; ~~battery.~~

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

16 e. Investment counseling; ~~service.~~

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

18 For the purposes of this paragraph, "financial institutions"  
19 means all national banks, federally chartered savings and loan  
20 associations, federally chartered savings banks, federally  
21 chartered credit unions, banks organized under chapter 524,  
22 credit unions organized under chapter 533, and all banks,  
23 savings banks, credit unions, and savings and loan associations  
24 chartered or otherwise created under the laws of any state and  
25 doing business in Iowa.

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

27 h. Boat repair; ~~vehiele.~~

28 i. Vehicle wash and wax; ~~campgrounds; carpentry; roof.~~

29 j. Campgrounds.

30 k. Carpentry.

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

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

33 n. Dating services; ~~dry.~~

34 o. Dry cleaning, pressing, dyeing, and laundering excluding  
35 the use of self-pay washers and dryers; ~~electrical.~~

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

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- 1 placing a person in employment where the principal place of  
2 employment of that person is to be located outside of the  
3 state; ~~reflexology; security.~~  
4 ar. Reflexology.  
5 as. Security and detective services, excluding private  
6 security and detective services furnished by a peace officer  
7 with the knowledge and consent of the chief executive officer  
8 of the peace officer's law enforcement agency; ~~sewage.~~  
9 at. Sewage services for nonresidential commercial  
10 operations; ~~sewing.~~  
11 au. Sewing and stitching; ~~shoe.~~  
12 av. Shoe repair and shoeshine; ~~sign.~~  
13 aw. Sign construction and installation; ~~storage.~~  
14 ax. Storage of household goods, mini-storage, and  
15 warehousing of raw agricultural products; ~~swimming.~~  
16 ay. Swimming pool cleaning and maintenance; ~~tanning.~~  
17 az. Tanning beds or salons; ~~taxidermy.~~  
18 ba. Taxidermy services; ~~telephone.~~  
19 bb. Telephone answering service; ~~test.~~  
20 bc. Test laboratories, including mobile testing laboratories  
21 and field testing by testing laboratories, and excluding tests  
22 on humans or animals and excluding environmental testing  
23 services; ~~termite.~~  
24 bd. Termite, bug, roach, and pest eradicators; ~~tin.~~  
25 be. Tin and sheet metal repair; ~~transportation.~~  
26 bf. Transportation service consisting of the rental of  
27 recreational vehicles or recreational boats, or the rental of  
28 vehicles subject to registration which are registered for a  
29 gross weight of thirteen tons or less for a period of sixty  
30 days or less, or the rental of aircraft for a period of sixty  
31 days or less; ~~.~~  
32 bg. Turkish baths, massage, and reducing salons, excluding  
33 services provided by massage therapists licensed under chapter  
34 152C; ~~water.~~  
35 bh. Water conditioning and softening; ~~weighing; welding;~~

1 well.

2 bi. Weighing.

3 bj. Welding.

4 bk. Well drilling; ~~wrapping.~~

5 bl. Wrapping, packing, and packaging of merchandise other  
6 than processed meat, fish, fowl, and vegetables; ~~wrecking.~~

7 bm. Wrecking service; ~~wrecker.~~

8 bn. Wrecker and towing.

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

17 bo. Photography.

18 bp. Retouching.

19 bq. Storage of tangible or electronic files, documents, or  
20 other records.

21 br. Information services.

22 bs. Services arising from or related to installing,  
23 maintaining, servicing, repairing, operating, upgrading, or  
24 enhancing specified digital products.

25 bt. Video game services and tournaments.

26 bu. Software as a service.

27 Sec. 171. Section 423.2, subsection 8, Code 2018, is amended  
28 by adding the following new paragraph:

29 NEW PARAGRAPH. d. A transaction that otherwise meets  
30 the definition of "*bundled transaction*" as defined in this  
31 subsection is not a bundled transaction if it is any of the  
32 following:

33 (1) The retail sale of tangible personal property and a  
34 service where the tangible personal property is essential  
35 to the use of the service, and is provided exclusively in

1 connection with the service, and the true object of the  
2 transaction is the service.

3 (2) The retail sale of services where one service is  
4 provided that is essential to the use or receipt of a second  
5 service and the first service is provided exclusively in  
6 connection with the second service and the true object of the  
7 transaction is the second service.

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

11 (b) For purposes of this subparagraph, "*de minimis*" means  
12 the seller's purchase or sales price of the taxable products  
13 is ten percent or less of the total purchase price or sales  
14 price of the bundled products. Sellers shall use either the  
15 purchase price or the sale price of the products to determine  
16 if the taxable products are de minimis. Sellers may not use  
17 a combination of the purchase price and sales price of the  
18 products to determine if the taxable products are de minimis.

19 (4) The retail sale of exempt tangible personal property and  
20 taxable tangible personal property where all of the following  
21 apply:

22 (a) The transaction includes food and food ingredients,  
23 drugs, durable medical equipment, mobility enhancing equipment,  
24 prosthetic devices, or medical supplies.

25 (b) The seller's purchase price or sales price of the  
26 taxable tangible personal property is fifty percent or less  
27 of the total purchase price or sales price of the bundled  
28 tangible personal property. Sellers may not use a combination  
29 of the purchase price and sales price of the tangible personal  
30 property when making the fifty percent determination for a  
31 transaction.

32 Sec. 172. Section 423.2, Code 2018, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 9A. a. A tax of six percent is imposed on  
35 the sales price of specified digital products sold at retail

1 in the state. The tax applies whether the purchaser obtains  
2 permanent use or less than permanent use of the specified  
3 digital product, whether the sale is conditioned or not  
4 conditioned upon continued payment from the purchaser, and  
5 whether the sale is on a subscription basis or is not on a  
6 subscription basis.

7     **b.** The sale of a digital code that may be used to obtain  
8 or access a specified digital product shall be taxed in the  
9 same manner as the specified digital product. For purposes  
10 of this paragraph, "*digital code*" means a method that permits  
11 a purchaser to obtain or access at a later date a specified  
12 digital product.

13     Sec. 173. Section 423.2, subsections 10, 11, and 12, Code  
14 2018, are amended by striking the subsections.

15     Sec. 174. NEW SECTION. **423.2A Deposit and transfer of**  
16 **revenues.**

17     1. **a.** All revenues arising under the operation of the  
18 provisions of this subchapter II shall be deposited into the  
19 general fund of the state.

20     **b.** Subsequent to the deposit into the general fund of  
21 the state, the director shall credit an amount equal to the  
22 product of the sales tax rate imposed in section 423.2 times  
23 the sales price of the tangible personal property or services  
24 furnished to purchasers at a baseball and softball complex that  
25 has received an award under section 15F.207 and that meets  
26 the qualifications of section 423.4, subsection 10, into the  
27 baseball and softball complex sales tax rebate fund created  
28 under section 423.4, subsection 10, paragraph "e". The director  
29 shall credit the moneys beginning the first day of the quarter  
30 following July 1, 2016. This paragraph is repealed thirty  
31 days following the date on which five million dollars in total  
32 rebates have been provided under section 423.4, subsection 10.

33     2. Subsequent to the deposit into the general fund of the  
34 state pursuant to subsection 1, the department shall do the  
35 following in the order prescribed:



- 1     *a.* Transfer the revenues collected under chapter 423B.
- 2     *b.* Transfer from the remaining revenues the amounts required  
3 under Article VII, section 10, of the Constitution of the State  
4 of Iowa to the natural resources and outdoor recreation trust  
5 fund created in section 461.31, if applicable.
- 6     *c.* Transfer one-sixth of the remaining revenues to the  
7 secure an advanced vision for education fund created in section  
8 423F.2. This paragraph “*c*” is repealed December 31, 2029.
- 9     *d.* Transfer to the baseball and softball complex sales tax  
10 rebate fund that portion of the sales tax receipts described  
11 in subsection 1, paragraph “*b*”, remaining after the transfers  
12 required under paragraphs “*a*”, “*b*”, and “*c*” of this subsection  
13 2. This paragraph is repealed thirty days following the date  
14 on which five million dollars in total rebates have been  
15 provided under section 423.4, subsection 10.
- 16     *e.* Beginning the first day of the calendar quarter  
17 beginning on the reinvestment district’s commencement date,  
18 subject to remittance limitations established by the economic  
19 development authority board pursuant to section 15J.4,  
20 subsection 3, transfer to a district account created in the  
21 state reinvestment district fund for each reinvestment district  
22 established under chapter 15J, the amount of new state sales  
23 tax revenue, determined in section 15J.5, subsection 1,  
24 paragraph “*b*”, in the district, that remains after the prior  
25 transfers required under this subsection 2. Such transfers  
26 shall cease pursuant to section 15J.8.
- 27     *f.* Subject to the limitation on the calculation and  
28 deposit of sales tax increment revenues in section 418.12,  
29 beginning the first day of the quarter following adoption  
30 of the resolution pursuant to section 418.4, subsection 3,  
31 paragraph “*d*”, transfer to the account created in the sales tax  
32 increment fund for each governmental entity approved to use  
33 sales tax increment revenues under chapter 418, that portion  
34 of the increase in sales tax revenue, determined in section  
35 418.11, subsection 2, paragraph “*d*”, in the applicable area of

1 the governmental entity, that remains after the other transfers  
2 required under this subsection 2.

3 *g.* Beginning the first day of the quarter following July 1,  
4 2014, transfer to the raceway facility tax rebate fund created  
5 in section 423.4, subsection 11, paragraph "e", that portion  
6 of the sales tax receipts collected and remitted upon sales of  
7 tangible personal property or services furnished by retailers  
8 at a raceway facility meeting the qualifications of section  
9 423.4, subsection 11, that remains after the transfers required  
10 in paragraphs "a" through "f" of this subsection 2. This  
11 paragraph is repealed June 30, 2025, or thirty days following  
12 the date on which an amount of total rebates specified in  
13 section 423.4, subsection 11, paragraph "c", subparagraph (4),  
14 subparagraph division (a) or (b), whichever is applicable,  
15 has been provided or thirty days following the date on which  
16 rebates cease as provided in section 423.4, subsection 11,  
17 paragraph "c", subparagraph (5), whichever is earliest.

18 3. Of the amount of sales tax revenue actually transferred  
19 per quarter pursuant to subsection 2, paragraphs "e" and "f",  
20 the department shall retain an amount equal to the actual cost  
21 of administering the transfers under subsection 2, paragraphs  
22 "e" and "f", or twenty-five thousand dollars, whichever is  
23 less. The amount retained by the department pursuant to this  
24 subsection shall be divided pro rata each quarter between  
25 the amounts that would have been transferred pursuant to  
26 subsection 2, paragraphs "e" and "f", without the deduction  
27 made by operation of this subsection. Revenues retained by  
28 the department pursuant to this subsection shall be considered  
29 repayment receipts as defined in section 8.2.

30 Sec. 175. Section 423.3, subsections 1 and 17, Code 2018,  
31 are amended to read as follows:

32 1. The sales price from sales of tangible personal property,  
33 specified digital products, and services furnished which this  
34 state is prohibited from taxing under the Constitution or laws  
35 of the United States or under the Constitution of this state.

1 17. The sales price of all ~~goods, wares, or merchandise,~~  
2 tangible personal property, specified digital products, or  
3 services, used for educational purposes sold to any private  
4 nonprofit educational institution in this state. For the  
5 purpose of this subsection, "*educational institution*" means an  
6 institution which primarily functions as a school, college,  
7 or university with students, faculty, and an established  
8 curriculum. The faculty of an educational institution must be  
9 associated with the institution and the curriculum must include  
10 basic courses which are offered every year. "*Educational*  
11 *institution*" includes an institution primarily functioning as  
12 a library.

13 Sec. 176. Section 423.3, subsection 18, unnumbered  
14 paragraph 1, Code 2018, is amended to read as follows:

15 The sales price of tangible personal property or specified  
16 digital products sold, or of services furnished, to the  
17 following nonprofit corporations:

18 Sec. 177. Section 423.3, subsections 20, 21, 22, 23, 26, 27,  
19 28, and 31, Code 2018, are amended to read as follows:

20 20. The sales price of tangible personal property or  
21 specified digital products sold, or of services furnished, to  
22 nonprofit legal aid organizations.

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

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

32 23. The sales price of tangible personal property or  
33 specified digital products sold, or of services furnished, by a  
34 fair organized under chapter 174.

35 26. The sales price of tangible personal property or

1 specified digital products sold, or of services furnished, to a  
2 statewide nonprofit organ procurement organization, as defined  
3 in section 142C.2.

4 27. The sales price of tangible personal property or  
5 specified digital products sold, or of services furnished, to a  
6 nonprofit hospital licensed pursuant to chapter 135B to be used  
7 in the operation of the hospital.

8 28. The sales price of tangible personal property or  
9 specified digital products sold, or of services furnished, to  
10 a freestanding nonprofit hospice facility which operates a  
11 hospice program as defined in [42 C.F.R. ch. IV, §418.3](#), which  
12 property or services are to be used in the hospice program.

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

27 ~~(1)~~ a. The sales price of ~~goods, wares, or merchandise~~  
28 tangible personal property or specified digital products sold  
29 to, or of services furnished, and used by or in connection with  
30 the operation of any municipally owned public utility engaged  
31 in selling gas, electricity, heat, pay television service, or  
32 communication service to the general public.

33 ~~(2)~~ b. The sales price of furnishing of sewage services to  
34 a county or municipality on behalf of nonresidential commercial  
35 operations.

1     ~~(3)~~ c. The furnishing of solid waste collection and  
2 disposal service to a county or municipality on behalf of  
3 nonresidential commercial operations located within the county  
4 or municipality.

5     ~~b. The exemption provided by this subsection shall also~~  
6 ~~apply to all such sales of goods, wares, or merchandise or of~~  
7 ~~services furnished and subject to use tax.~~

8     Sec. 178. Section 423.3, subsection 32, unnumbered  
9 paragraph 1, Code 2018, is amended to read as follows:

10     The sales price of tangible personal property or specified  
11 digital products sold, or of services furnished, by a county or  
12 city. This exemption does not apply to any of the following:

13     Sec. 179. Section 423.3, subsection 36, unnumbered  
14 paragraph 1, Code 2018, is amended to read as follows:

15     The sales price from sales of tangible personal property  
16 or specified digital products or of the sale or furnishing of  
17 electrical energy, natural or artificial gas, or communication  
18 service to another state or political subdivision of another  
19 state if the other state provides a similar reciprocal  
20 exemption for this state and political subdivision of this  
21 state.

22     Sec. 180. Section 423.3, subsection 39, paragraph a,  
23 subparagraphs (1) and (2), Code 2018, are amended to read as  
24 follows:

25     (1) Sales of tangible personal property or specified  
26 digital products, or the furnishing of services, of a  
27 nonrecurring nature, by the owner, if the seller, at the time  
28 of the sale, is not engaged for profit in the business of  
29 selling tangible personal property, specified digital products,  
30 or services taxed under section 423.2.

31     (2) The sale of all or substantially all of the tangible  
32 personal property, or specified digital products, or services  
33 held or used by a seller in the course of the seller's trade or  
34 business for which the seller is required to hold a sales tax  
35 permit when the seller sells or otherwise transfers the trade

1 or business to another person who shall engage in a similar  
2 trade or business.

3 Sec. 181. Section 423.3, subsection 39, Code 2018, is  
4 amended by adding the following new paragraph:

5 NEW PARAGRAPH. *c.* The exemption under this subsection does  
6 not apply to sales for which a person is required pursuant to  
7 section 423.14A to collect sales and use tax.

8 Sec. 182. Section 423.3, subsection 47, paragraph d,  
9 subparagraph (1), Code 2018, is amended to read as follows:

10 (1) *"Commercial enterprise"* ~~includes~~ means businesses  
11 and manufacturers conducted for profit ~~and centers for data~~  
12 ~~processing services to,~~ for-profit and nonprofit insurance  
13 companies, and for-profit and nonprofit financial institutions,  
14 ~~businesses, and manufacturers,~~ but excludes other nonprofits  
15 and professions and occupations ~~and nonprofit organizations.~~

16 Sec. 183. Section 423.3, subsection 47, paragraph d,  
17 subparagraph (4), Code 2018, is amended by striking the  
18 subparagraph and inserting in lieu thereof the following:

19 (4) (a) *"Manufacturer"* means a business that primarily  
20 purchases, receives, or holds personal property of any  
21 description for the purpose of adding to its value by a process  
22 of manufacturing with a view to selling the property for gain  
23 or profit.

24 (b) *"Manufacturer"* includes contract manufacturers. A  
25 contract manufacturer is a manufacturer that otherwise falls  
26 within the definition of manufacturer, except that a contract  
27 manufacturer does not sell the tangible personal property  
28 the contract manufacturer processes on behalf of other  
29 manufacturers.

30 (c) *"Manufacturer"* does not include persons who are not  
31 commonly understood as manufacturers, including but not limited  
32 to persons engaged in any of the following activities:

33 (i) Construction contracting.

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

35 (iii) Providing health care.

1 (iv) Farming, including cultivating agricultural products  
2 and raising livestock.

3 (v) Transporting for hire.

4 (d) For purposes of this subparagraph:

5 (i) "*Business*" means those businesses conducted for  
6 profit, but excludes professions and occupations and nonprofit  
7 organizations.

8 (ii) "*Manufacturing*" means those activities commonly  
9 understood within the ordinary meaning of the term, and shall  
10 include:

11 (A) Refining.

12 (B) Purifying.

13 (C) Combining of different materials.

14 (D) Packing of meats.

15 (E) Activities subsequent to the extractive process of  
16 quarrying or mining, such as crushing, washing, sizing, or  
17 blending of aggregate materials.

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

20 Sec. 184. Section 423.3, subsection 63, Code 2018, is  
21 amended to read as follows:

22 63. The sales price from the sale of tangible personal  
23 property, specified digital products, or services which will be  
24 given as prizes to players in games of skill, games of chance,  
25 raffles, and bingo games as defined in chapter 99B.

26 Sec. 185. Section 423.3, subsections 65, 66, and 67, Code  
27 2018, are amended by striking the subsections.

28 Sec. 186. Section 423.3, subsection 78, paragraph a,  
29 unnumbered paragraph 1, Code 2018, is amended to read as  
30 follows:

31 The sales price from ~~sales or rental~~ the sale of tangible  
32 personal property, specified digital products, or services  
33 rendered by any entity where the profits from the ~~sales or~~  
34 ~~rental~~ sale of the tangible personal property, specified  
35 digital products, or services rendered, are used by or donated

1 to a nonprofit entity that is exempt from federal income  
2 taxation pursuant to section 501(c)(3) of the Internal Revenue  
3 Code, a government entity, or a nonprofit private educational  
4 institution, and where the entire proceeds from the ~~sales,~~  
5 ~~rental,~~ sale or services are expended for any of the following  
6 purposes:

7 Sec. 187. Section 423.3, subsection 79, Code 2018, is  
8 amended to read as follows:

9 79. The sales price from the sale ~~or rental~~ of tangible  
10 personal property or specified digital products, or from  
11 services furnished, to a recognized community action agency as  
12 provided in section 216A.93 to be used for the purposes of the  
13 agency.

14 Sec. 188. Section 423.3, Code 2018, is amended by adding the  
15 following new subsections:

16 NEW SUBSECTION. 103. *a.* The sales price of specified  
17 digital products and of prewritten computer software sold, and  
18 of enumerated services described in section 423.2, subsection  
19 6, paragraphs "*bq*", "*br*", "*bs*", and "*bu*" furnished, to a  
20 commercial enterprise for use exclusively by the commercial  
21 enterprise. The use of prewritten computer software, a  
22 specified digital product, or service fails to qualify as a  
23 use exclusively by the commercial enterprise if its use for  
24 noncommercial purposes is more than de minimis.

25 *b.* For purposes of this subsection:

26 (1) "*Commercial enterprise*" means the same as defined in  
27 section 423.3, subsection 47, paragraph "*d*", subparagraph (1),  
28 but also includes professions and occupations.

29 (2) "*De minimis*" and "*noncommercial purposes*" shall be  
30 defined by the director by rule.

31 NEW SUBSECTION. 104. The sales price of specified digital  
32 products sold to a non-end user. For purposes of this  
33 subsection, "*non-end user*" means a person who receives by  
34 contract a specified digital product for further commercial  
35 broadcast, rebroadcast, transmission, retransmission,



1 licensing, relicensing, distribution, redistribution, or  
2 exhibition of the product, in whole or in part, to another  
3 person.

4 NEW SUBSECTION. 105. The sales price for transportation  
5 services furnished by emergency or nonemergency medical  
6 transportation, by a paratransit service, and by a public  
7 transit system as defined in section 324A.1.

8 Sec. 189. Section 423.4, subsection 3, unnumbered paragraph  
9 1, Code 2018, is amended to read as follows:

10 A relief agency may apply to the director for refund of the  
11 amount of sales or use tax imposed and paid upon sales to it  
12 of any ~~goods, wares, merchandise,~~ tangible personal property  
13 or specified digital products, or services furnished, used for  
14 free distribution to the poor and needy.

15 Sec. 190. Section 423.4, subsection 3, paragraph a,  
16 subparagraph (1), Code 2018, is amended to read as follows:

17 (1) On forms furnished by the department, and filed within  
18 the time as the director shall provide by rule, the relief  
19 agency shall report to the department the total amount or  
20 amounts, valued in money, expended directly or indirectly  
21 for ~~goods, wares, merchandise,~~ tangible personal property or  
22 specified digital products, or services furnished, used for  
23 free distribution to the poor and needy.

24 Sec. 191. Section 423.4, subsection 10, paragraph e, Code  
25 2018, is amended to read as follows:

26 e. There is established within the state treasury under the  
27 control of the department a baseball and softball complex sales  
28 tax rebate fund consisting of the amount of state sales tax  
29 revenues transferred pursuant to section ~~423.2, subsection 11,~~  
30 ~~paragraph "b", subparagraph (4)~~ 423.2A, subsection 2, paragraph  
31 "d". An account is created within the fund for each baseball  
32 and softball complex receiving an award under section 15F.207  
33 and meeting the qualifications of this subsection. Moneys  
34 in the fund shall only be used to provide rebates of state  
35 sales tax pursuant to this subsection, and only the state sales

1 tax revenues in the baseball and softball complex rebate fund  
2 are subject to rebate under this subsection. The amount of  
3 rebates paid from each baseball and softball complex's account  
4 within the fund shall not exceed the amount of the award under  
5 section 15F.207, and not more than five million dollars in  
6 total rebates shall be paid from the fund. Any moneys in the  
7 fund which represent state sales tax revenue for which the time  
8 period in paragraph "c" for receiving a rebate has expired,  
9 or which otherwise represent state sales tax revenue that has  
10 become ineligible for rebate pursuant to this subsection, shall  
11 immediately revert to the general fund of this state.

12 Sec. 192. Section 423.4, subsection 11, paragraph b,  
13 subparagraph (1), Code 2018, is amended to read as follows:

14 (1) Sales tax imposed and collected by retailers upon  
15 sales of tangible personal property or services furnished to  
16 purchasers at the raceway facility. Notwithstanding the state  
17 sales tax imposed in section 423.2, a sales tax rebate issued  
18 pursuant to this subparagraph shall not exceed the amounts  
19 transferred to the raceway facility tax rebate fund pursuant to  
20 ~~section 423.2, subsection 11, paragraph "b", subparagraph (7)~~  
21 423.2A, subsection 2, paragraph "g".

22 Sec. 193. Section 423.4, subsection 11, paragraph b,  
23 subparagraph (2), subparagraph division (c), Code 2018, is  
24 amended to read as follows:

25 (c) Notwithstanding the state sales tax imposed in section  
26 423.2, a sales tax rebate issued pursuant to this subparagraph  
27 shall not exceed the amounts remaining after the transfers  
28 required under ~~section 423.2, subsection 11, paragraph "b",~~  
29 ~~subparagraphs (1) through (6)~~ 423.2A, subsection 2, paragraphs  
30 "a" through "f", have been made from the total amount of sales  
31 tax for which the rebate is requested.

32 Sec. 194. Section 423.4, subsection 11, paragraph e, Code  
33 2018, is amended to read as follows:

34 e. There is established within the state treasury under  
35 the control of the department a raceway facility tax rebate

1 fund consisting of the amount of state sales tax revenues  
2 transferred pursuant to section ~~423.2, subsection 11, paragraph~~  
3 ~~"b", subparagraph (7)~~ 423.2A, subsection 2, paragraph "g". An  
4 account is created within the fund for each raceway facility  
5 meeting the qualifications of this subsection. Moneys in the  
6 fund shall only be used to provide rebates of state sales tax  
7 pursuant to paragraph "b", subparagraph (1). The total amount  
8 of rebates paid from the fund shall not exceed the amount  
9 specified in paragraph "c", subparagraph (4), subparagraph  
10 division (a) or (b), whichever is applicable. Any moneys in  
11 the fund which represent state sales tax revenue for which the  
12 time period in paragraph "c" for receiving a rebate has expired,  
13 or which otherwise represent state sales tax revenue that has  
14 become ineligible for rebate pursuant to this subsection shall  
15 immediately revert to the general fund of the state.

16 Sec. 195. Section 423.5, subsection 1, paragraph a, Code  
17 2018, is amended to read as follows:

18 a. The use in this state of tangible personal property  
19 as defined in section 423.1, including aircraft subject to  
20 registration under section 328.20, purchased for use in this  
21 state. For the purposes of this subchapter, the furnishing  
22 or use of the following services is also treated as the use  
23 of tangible personal property: optional service or warranty  
24 contracts, except residential service contracts regulated under  
25 chapter 523C, vulcanizing, recapping, or retreading services,  
26 engraving, ~~photography, retouching,~~ printing, or binding  
27 services, and communication service when furnished or delivered  
28 to consumers or users within this state.

29 Sec. 196. Section 423.5, subsection 1, paragraph d, Code  
30 2018, is amended to read as follows:

31 d. Purchases of tangible personal property or specified  
32 digital products made from the government of the United States  
33 or any of its agencies by ultimate consumers shall be subject  
34 to the tax imposed by this section. Services purchased from  
35 the same source or sources shall be subject to the service

1 tax imposed by this subchapter and apply to the user of the  
2 services.

3 Sec. 197. Section 423.5, subsection 1, Code 2018, is amended  
4 by adding the following new paragraph:

5 NEW PARAGRAPH. *f.* (1) The use in this state of specified  
6 digital products. The tax applies whether the purchaser  
7 obtains permanent use or less than permanent use of the  
8 specified digital product, whether the use is conditioned or  
9 not conditioned upon continued payment from the purchaser,  
10 and whether the use is on a subscription basis or is not on a  
11 subscription basis.

12 (2) The use of a digital code that may be used to obtain  
13 or access a specified digital product shall be taxed in the  
14 same manner as the specified digital product. For purposes of  
15 this subparagraph, "*digital code*" means the same as defined in  
16 section 423.2, subsection 9A.

17 Sec. 198. Section 423.5, subsection 3, Code 2018, is amended  
18 to read as follows:

19 3. For the purpose of the proper administration of the use  
20 tax and to prevent its evasion, evidence that tangible personal  
21 property ~~was~~ or specified digital products were sold by any  
22 person for delivery in this state shall be prima facie evidence  
23 that such tangible personal property ~~was~~ or specified digital  
24 products were sold for use in this state.

25 Sec. 199. Section 423.5, subsection 4, Code 2018, is amended  
26 by striking the subsection.

27 Sec. 200. Section 423.6, unnumbered paragraph 1, Code 2018,  
28 is amended to read as follows:

29 The use in this state of the following tangible personal  
30 property, specified digital products, and services is exempted  
31 from the tax imposed by this subchapter:

32 Sec. 201. Section 423.6, subsections 1, 2, 4, and 6, Code  
33 2018, are amended to read as follows:

34 1. Tangible personal property, specified digital products,  
35 and enumerated services, the sales price from the sale of which

1 are required to be included in the measure of the sales tax, if  
2 that tax has been paid to the department or the retailer. This  
3 exemption does not include vehicles subject to registration or  
4 subject only to the issuance of a certificate of title.

5 2. The sale of tangible personal property, specified  
6 digital products, or the furnishing of services in the regular  
7 course of business.

8 4. All articles of tangible personal property and all  
9 specified digital products brought into the state of Iowa by a  
10 nonresident individual for the individual's use or enjoyment  
11 while within the state.

12 6. Tangible personal property, specified digital products,  
13 or services the sales price of which is exempt from the sales  
14 tax under section 423.3, except section 423.3, subsections 39  
15 and 73, as it relates to the sale, but not the lease or rental,  
16 of vehicles subject only to the issuance of a certificate of  
17 title and as it relates to aircraft subject to registration  
18 under section 328.20.

19 Sec. 202. Section 423.14, subsection 2, paragraphs b and c,  
20 Code 2018, are amended to read as follows:

21 *b.* The tax upon the use of all tangible personal property  
22 and specified digital products other than that enumerated in  
23 paragraph "a", which is sold by a seller who is a retailer  
24 ~~maintaining a place of business in this state, or by such other~~  
25 ~~retailer or agent as the director shall authorize pursuant to~~  
26 ~~section 423.30~~ or its agent that is not otherwise required  
27 to collect sales tax under the provisions of this chapter,  
28 shall be collected by the retailer or agent and remitted to the  
29 department, pursuant to the provisions of paragraph "e", and  
30 sections 423.24, 423.29, 423.30, 423.32, and 423.33.

31 *c.* The tax upon the use of all tangible personal property  
32 and specified digital products not paid pursuant to paragraphs  
33 "a" and "b" shall be paid to the department directly by any  
34 person using the property within this state, pursuant to the  
35 provisions of section 423.34.

1     Sec. 203. NEW SECTION. 423.14A Persons required to collect  
2 sales and use tax — supplemental conditions, requirements, and  
3 responsibilities.

4     1. For purposes of this section:

5     a. "*Iowa sales*" means sales of tangible personal property,  
6 services, or specified digital products sourced to this state  
7 pursuant to section 423.15, 423.16, 423.17, 423.19, or 423.20,  
8 or that are otherwise sold in this state or for delivery into  
9 this state.

10    b. (1) "*Marketplace facilitator*" means a person, including  
11 any affiliate of the person, who facilitates a retail sale by  
12 satisfying subparagraph divisions (a) and (b) as follows:

13    (a) The person directly or indirectly does any of the  
14 following:

15    (i) Lists, makes available, or advertises tangible personal  
16 property, services, or specified digital products for sale  
17 by a marketplace seller in a marketplace owned, operated, or  
18 controlled by the person.

19    (ii) Facilitates the sale of a marketplace seller's  
20 product through a marketplace by transmitting or otherwise  
21 communicating an offer or acceptance of a retail sale of  
22 tangible personal property, services, or specified digital  
23 products between a marketplace seller and a purchaser in a  
24 forum including a shop, store, booth, catalog, internet site,  
25 or similar forum.

26    (iii) Owns, rents, licenses, makes available, or operates  
27 any electronic or physical infrastructure or any property,  
28 process, method, copyright, trademark, or patent that connects  
29 marketplace sellers to purchasers for the purpose of making  
30 retail sales of tangible personal property, services, or  
31 specified digital products.

32    (iv) Provides a marketplace for making retail sales of  
33 tangible personal property, services, or specified digital  
34 products, or otherwise facilitates retail sales of tangible  
35 personal property, services, or specified digital products,

1 regardless of ownership or control of the tangible personal  
2 property, services, or specified digital products that are the  
3 subject of the retail sale.

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

10 (vi) Provides or offers fulfillment or storage services for  
11 a marketplace seller.

12 (vii) Sets prices for a marketplace seller's sale of  
13 tangible personal property, services, or specified digital  
14 products.

15 (viii) Provides or offers customer service to a marketplace  
16 seller or a marketplace seller's customers, or accepts or  
17 assists with taking orders, returns, or exchanges of tangible  
18 personal property, services, or specified digital products sold  
19 by a marketplace seller.

20 (ix) Brands or otherwise identifies sales as those of the  
21 marketplace facilitator.

22 (b) The person directly or indirectly does any of the  
23 following:

24 (i) Collects the sales price or purchase price of a retail  
25 sale of tangible personal property, services, or specified  
26 digital products.

27 (ii) Provides payment processing services for a retail sale  
28 of tangible personal property, services, or specified digital  
29 products.

30 (iii) Charges, collects, or otherwise receives selling  
31 fees, listing fees, referral fees, closing fees, fees for  
32 inserting or making available tangible personal property,  
33 services, or specified digital products on a marketplace, or  
34 other consideration from the facilitation of a retail sale of  
35 tangible personal property, services, or specified digital

1 products, regardless of ownership or control of the tangible  
2 personal property, services, or specified digital products that  
3 are the subject of the retail sale.

4 (iv) Through terms and conditions, agreements, or  
5 arrangements with a third party, collects payment in connection  
6 with a retail sale of tangible personal property, services,  
7 or specified digital products from a purchaser and transmits  
8 that payment to the marketplace seller, regardless of whether  
9 the person collecting and transmitting such payment receives  
10 compensation or other consideration in exchange for the  
11 service.

12 (v) Provides a virtual currency that purchasers are allowed  
13 or required to use to purchase tangible personal property,  
14 services, or specified digital products.

15 (2) "*Marketplace facilitator*" includes but is not limited  
16 to a person who satisfies the requirements of this paragraph  
17 through the ownership, operation, or control of a digital  
18 distribution service, digital distribution platform, online  
19 portal, or application store.

20 (3) A "*rental platform*", as defined in section 423C.2, that  
21 meets the requirements described in section 423C.3, subsection  
22 3, paragraph "c", subparagraph (2), shall not be considered  
23 a "*marketplace facilitator*" with respect to any sale of a  
24 transportation service under section 423.2, subsection 6,  
25 paragraph "bf", or section 423.5, subsection 1, paragraph "e",  
26 consisting of the rental of vehicles subject to registration  
27 which are registered for a gross weight of thirteen tons or  
28 less for a period of sixty days or less.

29 c. "*Marketplace seller*" means any of the following:

30 (1) A seller that makes retail sales through any physical  
31 or electronic marketplace owned, operated, or controlled by a  
32 marketplace facilitator, even if such seller would not have  
33 been required to collect and remit sales and use tax had the  
34 sale not been made through such marketplace.

35 (2) A seller that makes retail sales resulting from a



1 referral by a referrer, even if such seller would not have been  
2 required to collect and remit sales and use tax had the sale  
3 not been made through such referrer.

4 2. In addition to and not in lieu of any application of  
5 this chapter to sellers who are retailers and sellers who are  
6 retailers maintaining a place of business in this state, any  
7 person described in subsection 3, or the person's agents,  
8 shall be considered a retailer in this state and a retailer  
9 maintaining a place of business in this state for purposes of  
10 this chapter on or after January 1, 2019, and shall be subject  
11 to all requirements of this chapter imposed on retailers and  
12 retailers maintaining a place of business in this state,  
13 including but not limited to the requirement to collect and  
14 remit sales and use taxes pursuant to sections 423.14 and  
15 423.29, and local option taxes under chapter 423B.

16 3. a. A retailer that has gross revenue from Iowa sales  
17 equal to or exceeding one hundred thousand dollars for an  
18 immediately preceding calendar year or a current calendar year.

19 b. A retailer that makes Iowa sales in two hundred or more  
20 separate transactions for an immediately preceding calendar  
21 year or a current calendar year.

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

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

34 (3) A retailer that provides, or enters into an agreement  
35 with another person to provide, a content distribution network

1 in this state to facilitate, accelerate, or enhance the  
2 delivery of the retailer's internet site to purchasers. For  
3 purposes of this subparagraph, "*content distribution network*"  
4 means a system of distributed servers that deliver internet  
5 sites and other internet content to a user based on the  
6 geographic location of the user, the origin of the internet  
7 site or internet content, and a content delivery server.

8 (4) This paragraph "c" shall not apply to a retailer that  
9 has gross revenue from Iowa sales of less than one hundred  
10 thousand dollars for an immediately preceding calendar year or  
11 a current calendar year.

12 d. (1) A marketplace facilitator that makes or facilitates  
13 Iowa sales on its own behalf or for one or more marketplace  
14 sellers equal to or exceeding one hundred thousand dollars,  
15 or in two hundred or more separate transactions, for an  
16 immediately preceding calendar year or a current calendar year.

17 (2) A marketplace facilitator shall collect sales and  
18 use tax on the entire sales price or purchase price paid by  
19 a purchaser on each Iowa sale subject to sales and use tax  
20 that is made or facilitated by the marketplace facilitator,  
21 regardless of whether the marketplace seller for whom an Iowa  
22 sale is made or facilitated has or is required to have a  
23 retail sales tax permit or would have been required to collect  
24 sales and use tax had the sale not been facilitated by the  
25 marketplace facilitator, and regardless of the amount of the  
26 sales price or purchase price that will ultimately accrue  
27 to or benefit the marketplace facilitator, the marketplace  
28 seller, or any other person. This sales and use tax collection  
29 responsibility of a marketplace facilitator applies but shall  
30 not be limited to sales facilitated through a computer software  
31 application, commonly referred to as in-app purchases, or  
32 through another specified digital product.

33 (3) A marketplace facilitator shall be relieved of  
34 liability under this paragraph "d" for failure to collect and  
35 remit sales and use tax on an Iowa sale made or facilitated for

1 a marketplace seller under the following circumstances and up  
2 to the amounts permitted under the following circumstances:

3 (a) If the marketplace facilitator demonstrates to the  
4 satisfaction of the department that the marketplace facilitator  
5 has made a reasonable effort to obtain accurate information  
6 from the marketplace seller about a retail sale and that  
7 the failure to collect and remit the correct tax was due to  
8 incorrect information provided to the marketplace facilitator  
9 by the marketplace seller, then the marketplace facilitator  
10 shall be relieved of liability for that retail sale. This  
11 subparagraph division does not apply with regard to a retail  
12 sale for which the marketplace facilitator is the seller or if  
13 the marketplace facilitator and the seller are affiliates. For  
14 Iowa sales for which a marketplace facilitator is relieved of  
15 liability under this subparagraph division, the marketplace  
16 seller and purchaser are liable for any amount of uncollected,  
17 unpaid, or unremitted tax.

18 (b) (i) Subject to the limitation in subparagraph  
19 subdivision (ii), if the marketplace facilitator demonstrates  
20 to the satisfaction of the department that the Iowa sale was  
21 made or facilitated for a marketplace seller prior to January  
22 1, 2026, through a marketplace of the marketplace facilitator,  
23 that the marketplace facilitator is not the seller and that  
24 the marketplace facilitator and the seller are not affiliates,  
25 and that the failure to collect sales and use tax was due to  
26 an error other than an error in sourcing the sale. To the  
27 extent that a marketplace facilitator is relieved of liability  
28 for collection of sales and use tax under this subparagraph  
29 division, the marketplace seller for whom the marketplace  
30 facilitator has made or facilitated the Iowa sale is also  
31 relieved of liability. The department may determine the manner  
32 in which a marketplace facilitator or marketplace seller shall  
33 claim the liability relief provided in this subparagraph  
34 division.

35 (ii) The liability relief provided in subparagraph

1 subdivision (i) shall not exceed the following percentage  
2 of the total sales and use tax due on Iowa sales made or  
3 facilitated by a marketplace facilitator for marketplace  
4 sellers and sourced to this state during a calendar year,  
5 which Iowa sales shall not include sales by the marketplace  
6 facilitator or affiliates of the marketplace facilitator:

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

9 (B) For Iowa sales made or facilitated during calendar years  
10 2020 through 2024, five percent.

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

13 (c) Nothing in this subparagraph (3) shall be construed to  
14 relieve any person of liability for collecting but failing to  
15 remit to the department sales and use tax.

16 (d) A marketplace facilitator is deemed to be an agent  
17 of any marketplace seller making retail sales through a  
18 marketplace of the marketplace facilitator.

19 e. (1) A referrer if, for any immediately preceding  
20 calendar year or a current calendar year, one hundred thousand  
21 dollars or more in Iowa sales or two hundred or more separate  
22 Iowa sales transactions result from referrals from a platform  
23 of the referrer. A referrer is not required to collect and  
24 remit sales and use tax pursuant to this paragraph if the  
25 referrer does all of the following:

26 (a) The referrer posts a conspicuous notice on each platform  
27 of the referrer that includes all of the following:

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

30 (ii) A statement that the marketplace seller from whom the  
31 person is purchasing on the platform may or may not collect and  
32 remit sales and use tax on a purchase.

33 (iii) A statement that Iowa requires the purchaser to pay  
34 sales or use tax and file sales or use tax returns if sales  
35 or use tax is not collected at the time of the sale by the

1 marketplace seller.

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

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

7 (b) The referrer provides a monthly notice to each  
8 marketplace seller to whom the referrer made a referral of a  
9 potential customer located in Iowa during the previous calendar  
10 year, which monthly notice shall contain all of the following:

11 (i) A statement that Iowa imposes a sales or use tax on Iowa  
12 sales.

13 (ii) A statement that a marketplace facilitator or other  
14 retailer making Iowa sales must collect and remit sales and use  
15 tax.

16 (iii) Instructions for obtaining additional information  
17 from the department regarding the collection and remittance of  
18 Iowa sales and use tax.

19 (c) The referrer provides the department with monthly  
20 reports in an electronic format and in the manner prescribed  
21 by the department, which monthly reports contain all of the  
22 following:

23 (i) A list of marketplace sellers who received the  
24 referrer's notice under subparagraph division (b).

25 (ii) A list of marketplace sellers that collect and  
26 remit Iowa sales and use tax and that list or advertise the  
27 marketplace seller's products for sale on a platform of the  
28 referrer.

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

33 (2) A referrer is deemed to be an agent of any marketplace  
34 seller making retail sales resulting from a referral of the  
35 referrer.

1 (3) For purposes of this paragraph:

2 (a) "Platform" means an electronic or physical medium,  
3 including but not limited to an internet site or catalog, that  
4 is owned, operated, or controlled by a referrer.

5 (b) "Referral" means the transfer through telephone,  
6 internet link, or other means by a referrer of a potential  
7 customer to a retailer or seller who advertises or lists  
8 products for sale on a platform of the referrer.

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

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

17 (B) Receives a commission, fee, or other consideration  
18 from the retailer, seller, or marketplace facilitator for the  
19 listing or advertisement.

20 (C) Provides referrals to a retailer, seller, or  
21 marketplace facilitator, or an affiliate of a retailer, seller,  
22 or marketplace facilitator.

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

25 (ii) "Referrer" does not include any of the following:

26 (A) A person primarily engaged in the business of printing  
27 or publishing a newspaper.

28 (B) A person who does not provide the retailer's, seller's,  
29 or marketplace facilitator's shipping terms and who does  
30 not advertise whether a retailer, seller, or marketplace  
31 facilitator collects sales or use tax.

32 (4) This paragraph only applies to referrals by a referrer  
33 and shall not preclude the applicability of other provisions  
34 of this section to a person who is a referrer and is also a  
35 retailer, a marketplace facilitator, or a marketplace seller.

1     *f.* (1) A retailer that makes Iowa sales through the use of  
2 a solicitor. For purposes of this paragraph, "*solicitor*" means  
3 a person that directly or indirectly solicits business for a  
4 retailer.

5     (2) (a) A retailer is deemed to have a solicitor in  
6 this state if the retailer enters into an agreement with a  
7 resident under which the resident, for a commission, fee, or  
8 other similar consideration, directly or indirectly refers  
9 potential customers, whether by link on an internet site,  
10 or otherwise, to the retailer. This determination may be  
11 rebutted by a showing of proof that the resident with whom the  
12 retailer has an agreement did not engage in any solicitation  
13 in this state on behalf of the retailer that would satisfy the  
14 nexus requirement of the United States Constitution during the  
15 calendar year in question.

16     (b) This subparagraph (2) shall not apply to a retailer that  
17 has Iowa gross revenue from Iowa sales of ten thousand dollars  
18 or less for an immediately preceding calendar year or a current  
19 calendar year.

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

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

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

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

32     *g.* A retailer that owns, controls, rents, licenses, makes  
33 available, or uses any tangible or intangible property in this  
34 state or with a situs in this state, to make or otherwise  
35 facilitate a retail sale.

1     *h.* (1) Any person that enters into a contract or agreement  
2 with a governmental entity, including but not limited to  
3 contracts for the provision of financial assistance or  
4 incentives such as a tax credit, forgivable loan, grant, tax  
5 rebate, or any other thing of value. For purposes of this  
6 subparagraph, "*governmental entity*" means any unit of government  
7 in the executive, legislative, or judicial branch, or any  
8 political subdivision of the state, including but not limited  
9 to a city, county, township, or school district.

10     (2) Every bid submitted and each contract or agreement  
11 executed by a state agency shall contain a certification by  
12 the bidder or contractor stating that the bidder or contractor  
13 is registered with the department pursuant to this chapter  
14 and will collect and remit Iowa sales and use tax due under  
15 this chapter. In the certification, the bidder or contractor  
16 shall also acknowledge that the state agency may declare the  
17 contractor or bid void if the certification is false or becomes  
18 false. Fraudulent certification, by act or omission, may  
19 result in the state agency or its representative filing for  
20 damages for breach of contract.

21     *i.* Any affiliate of any person that is required to collect  
22 and remit sales and use tax under this chapter, provided the  
23 affiliate makes retail sales.

24     Sec. 204. NEW SECTION. **423.14B Sales and use tax reporting**  
25 **requirements — penalties.**

26     1. For purposes of this section, "*Iowa sales*" and  
27 "*marketplace facilitator*" all mean the same as defined in  
28 section 423.14A.

29     2. The department may, in its discretion, adopt rules  
30 pursuant to chapter 17A establishing and imposing notice and  
31 reporting requirements related to Iowa sales for retailers,  
32 including but not limited to marketplace facilitators,  
33 who do not collect and remit sales and use tax under this  
34 chapter. The rules may include but are not limited to rules  
35 requiring retailers, including but not limited to marketplace



1 facilitators, to do any of the following:

2     *a.* Notify purchasers at the time of an Iowa sales  
3 transaction of sales and use tax obligations under this  
4 chapter.

5     *b.* Provide purchasers with periodic reports of purchases  
6 that are Iowa sales.

7     *c.* Provide the department with annual reports that include  
8 but are not limited to information relating to purchases,  
9 purchasers, and Iowa sales.

10     3. *a.* The department may adopt rules pursuant to chapter  
11 17A establishing and imposing penalties as described in and  
12 subject to the dollar limitations of paragraph "b", provided  
13 that any such penalty shall include a procedure for waiver  
14 of the penalty upon a showing of reasonable cause for such  
15 failure.

16     *b.* (1) The department may impose penalties for failure to  
17 provide a notification to a purchaser in the manner and form  
18 prescribed by the department by rule. Such penalties shall not  
19 exceed five dollars for each failure.

20     (2) The department may impose penalties for failure to  
21 provide a purchaser with a periodic report of purchases in the  
22 manner and form prescribed by the department by rule. Such  
23 penalties shall not exceed ten dollars for each failure.

24     (3) The department may impose penalties for failure to  
25 provide the department with an annual report in the manner  
26 and form prescribed by the department. Such penalties shall  
27 not exceed an amount per annual report equal to ten dollars  
28 multiplied by the number of purchasers for whom information  
29 should have been but was not included in the annual report.

30     Sec. 205. Section 423.15, unnumbered paragraph 1, Code  
31 2018, is amended to read as follows:

32     All sales of ~~products~~ tangible personal property, services,  
33 or specified digital products, except those sales enumerated  
34 in section 423.16, shall be sourced according to this section  
35 by sellers obligated to collect Iowa sales and use tax. The

1 sourcing rules described in this section apply to sales of  
2 tangible personal property, specified digital goods products,  
3 and all services other than telecommunications services. This  
4 section only applies to determine a seller's obligation to pay  
5 or collect and remit a Iowa sales or use tax with respect to  
6 the seller's sale of a product. This section does not affect  
7 the obligation of a purchaser or lessee to remit tax on the use  
8 of the product to the taxing jurisdictions in which the use  
9 occurs. A seller's obligation to collect Iowa sales tax or  
10 Iowa use tax only occurs if the sale is sourced to this state.  
11 ~~Whether Iowa sales tax applies to a sale sourced to Iowa shall~~  
12 ~~be determined based on the location at which the sale is~~  
13 ~~consummated by delivery or, in the case of a service, where the~~  
14 ~~first use of the service occurs~~ made by a seller subject to  
15 section 423.1, subsection 48, or section 423.14A.

16 Sec. 206. Section 423.15, subsection 1, paragraph e, Code  
17 2018, is amended to read as follows:

18 e. When paragraphs "a", "b", "c", and "d" do not apply,  
19 including the circumstance where the seller is without  
20 sufficient information to apply the previous rules, then the  
21 location will be determined by the address from which tangible  
22 personal property was shipped, from which the specified digital  
23 ~~good~~ product or the computer software delivered electronically  
24 was first available for transmission by the seller, or from  
25 which the service was provided disregarding for these purposes  
26 any location that merely provided the digital transfer of the  
27 product sold.

28 Sec. 207. Section 423.22, Code 2018, is amended to read as  
29 follows:

30 **423.22 Taxation in another state.**

31 If any person who causes tangible personal property or  
32 specified digital products to be brought into this state or  
33 who uses in this state services enumerated in section 423.2  
34 has already paid a tax in another state in respect to the sale  
35 or use of the property or the performance of the service, or

1 an occupation tax in respect to the property or service, in  
2 an amount less than the tax imposed by subchapter II or III,  
3 the provisions of those subchapters shall apply, but at a rate  
4 measured by the difference only between the rate fixed by  
5 subchapter II or III and the rate by which the previous tax on  
6 the sale or use, or the occupation tax, was computed. If the  
7 tax imposed and paid in the other state is equal to or more than  
8 the tax imposed by those subchapters, then a tax is not due in  
9 this state on the personal property or service.

10 Sec. 208. Section 423.29, subsection 1, Code 2018, is  
11 amended to read as follows:

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

24 Sec. 209. Section 423.30, subsection 1, Code 2018, is  
25 amended to read as follows:

26 1. The director may, upon application, authorize the  
27 collection of the use tax by any seller who is a retailer not  
28 maintaining a place of business within this state and not  
29 registered under the agreement, who, to the satisfaction of  
30 the director, furnishes adequate security to ensure collection  
31 and payment of the tax. Such sellers shall be issued, without  
32 charge, permits to collect tax subject to any regulations  
33 which the director shall prescribe. When so authorized, it  
34 shall be the duty of foreign sellers to collect the tax upon  
35 all tangible personal property and specified digital products

1 sold, to the retailer's knowledge, for use within this state,  
2 in the same manner and subject to the same requirements as a  
3 retailer maintaining a place of business within this state.  
4 The authority and permit may be canceled when, at any time, the  
5 director considers the security inadequate, or that tax can  
6 more effectively be collected from the person using property  
7 in this state.

8 Sec. 210. Section 423.31, subsection 1, Code 2018, is  
9 amended to read as follows:

10 1. Each person subject to this section and section 423.36  
11 and in accordance with the provisions of this section and  
12 section 423.36 shall, on or before the last day of the month  
13 following the close of each calendar quarter during which  
14 such person is or has become or ceased being subject to the  
15 provisions of this section and section 423.36, make, sign, and  
16 file a return for the calendar quarter in the form as may be  
17 required. Returns shall show information relating to sales  
18 prices including ~~goods, wares,~~ tangible personal property,  
19 specified digital products, and services converted to the  
20 use of such person, the amounts of sales prices excluded and  
21 exempt from the tax, the amounts of sales prices subject to  
22 tax, a calculation of tax due, and any other information for  
23 the period covered by the return as may be required. Returns  
24 shall be signed by the retailer or the retailer's authorized  
25 agent and must be certified by the retailer to be correct in  
26 accordance with forms and rules prescribed by the director.

27 Sec. 211. Section 423.31, subsection 5, paragraph a, Code  
28 2018, is amended to read as follows:

29 a. Upon making application and receiving approval from  
30 the director, a ~~parent corporation person~~ and its affiliated  
31 ~~corporations~~ affiliates that make retail sales of tangible  
32 personal property, specified digital products, or taxable  
33 enumerated services may make deposits and file a consolidated  
34 sales tax return for the affiliated group, pursuant to rules  
35 adopted by the director. A ~~parent corporation person~~ and each

1 affiliate ~~corporation~~ that files a consolidated return are  
2 jointly and severally liable for all tax, penalty, and interest  
3 found due for the tax period for which a consolidated return is  
4 filed or required to be filed.

5 Sec. 212. Section 423.32, subsection 1, paragraph b, Code  
6 2018, is amended to read as follows:

7 *b.* The deposit form is due on or before the twentieth day of  
8 the month following the month of collection, except a deposit  
9 is not required for the third month of the calendar quarter,  
10 and the total quarterly amount, less the amounts deposited for  
11 the first two months of the quarter, is due with the quarterly  
12 report on the last day of the month following the month of  
13 collection. At that time, the retailer shall file with the  
14 department a return for the preceding quarterly period in the  
15 form prescribed by the director showing the purchase price of  
16 the tangible personal property, specified digital products, and  
17 services sold by the retailer during the preceding quarterly  
18 period, the use of which is subject to the use tax imposed  
19 by this chapter, and other information the director deems  
20 necessary for the proper administration of the use tax.

21 Sec. 213. Section 423.33, subsection 3, Code 2018, is  
22 amended to read as follows:

23 3. *Event sponsor's liability for sales tax.* A person  
24 sponsoring a flea market or a craft, antique, coin, or stamp  
25 show or similar event shall obtain from every retailer selling  
26 tangible personal property, specified digital products,  
27 or taxable services at the event proof that the retailer  
28 possesses a valid sales tax permit or secure from the retailer  
29 a statement, taken in good faith, that tangible personal  
30 property, specified digital products, or services offered for  
31 sale are not subject to sales tax. Failure to do so renders  
32 a sponsor of the event liable for payment of any sales tax,  
33 interest, and penalty due and owing from any retailer selling  
34 property or services at the event. Sections 423.31, 423.32,  
35 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to the

1 sponsors. For purposes of this subsection, a *“person sponsoring*  
2 *a flea market or a craft, antique, coin, or stamp show or similar*  
3 *event”* does not include an organization which sponsors an  
4 event determined to qualify as an event involving casual sales  
5 pursuant to section 423.3, subsection 39, or the state fair or  
6 a fair as defined in section 174.1.

7 Sec. 214. Section 423.33, Code 2018, is amended by adding  
8 the following new subsection:

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

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

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

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

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

32 Sec. 215. Section 423.34, Code 2018, is amended to read as  
33 follows:

34 **423.34 Liability of user.**

35 Any person who uses any tangible personal property,

1 specified digital products, or services enumerated in section  
2 423.2 upon which the use tax has not been paid, either to the  
3 county treasurer or to a retailer or direct to the department  
4 as required by this subchapter, shall be liable for the payment  
5 of tax, and shall on or before the last day of the month next  
6 succeeding each quarterly period pay the use tax upon all  
7 property or services used by the person during the preceding  
8 quarterly period in the manner and accompanied by such returns  
9 as the director shall prescribe. All of the provisions of  
10 sections 423.32 and 423.33 with reference to the returns and  
11 payments shall be applicable to the returns and payments  
12 required by this section.

13 Sec. 216. Section 423.36, subsection 1, Code 2018, is  
14 amended to read as follows:

15 1. A person shall not engage in or transact business as a  
16 retailer making taxable sales of tangible personal property,  
17 specified digital products, or furnishing services within  
18 this state or as a retailer making taxable sales of tangible  
19 personal property, specified digital products, or furnishing  
20 services for use within this state, unless a permit has been  
21 issued to the retailer under this section, except as provided  
22 in subsection 7. Every person desiring to engage in or  
23 transact business as a retailer shall file with the department  
24 an application for a permit to collect sales or use tax. Every  
25 application for a sales or use tax permit shall be made upon  
26 a form prescribed by the director and shall set forth any  
27 information the director may require. The application shall  
28 be signed by an owner of the business if a natural person; in  
29 the case of a retailer which is an association or partnership,  
30 by a member or partner; and in the case of a retailer which  
31 is a corporation, by an executive officer or some person  
32 specifically authorized by the corporation to sign the  
33 application, to which shall be attached the written evidence of  
34 the person's authority.

35 Sec. 217. Section 423.36, subsection 2, paragraph a, Code

1 2018, is amended to read as follows:

2     *a.* Notwithstanding subsection 1, if any person will make  
3 taxable sales of tangible personal property, specified digital  
4 products, or furnish services to any state agency, that person  
5 shall, prior to the sale, apply for and receive a permit to  
6 collect sales or use tax pursuant to this section. A state  
7 agency shall not purchase tangible personal property, specified  
8 digital products, or services from any person unless that  
9 person has a valid, unexpired permit issued pursuant to this  
10 section and is in compliance with all other requirements in  
11 this chapter imposed upon retailers, including but not limited  
12 to the requirement to collect and remit sales and use tax and  
13 file sales and use tax returns.

14     Sec. 218. Section 423.36, subsection 7, paragraph b, Code  
15 2018, is amended to read as follows:

16     *b.* Persons engaged in selling tangible personal property,  
17 specified digital products, or furnishing services shall not be  
18 required to obtain or retain a sales tax permit for a place of  
19 business at which taxable sales of tangible personal property,  
20 specified digital products, or taxable performance of services  
21 will not occur.

22     Sec. 219. Section 423.36, subsection 9, paragraph a, Code  
23 2018, is amended to read as follows:

24     *a.* Except as provided in paragraph "b", purchasers, users,  
25 and consumers of tangible personal property, specified digital  
26 products, or enumerated services taxed pursuant to subchapter  
27 II or III of this chapter or chapter 423B may be authorized,  
28 pursuant to rules adopted by the director, to remit tax owed  
29 directly to the department instead of the tax being collected  
30 and paid by the seller. To qualify for a direct pay tax permit,  
31 the purchaser, user, or consumer must accrue a tax liability  
32 of more than four thousand dollars in tax under subchapters  
33 II and III in a semimonthly period and make deposits and file  
34 returns pursuant to section 423.31. This authority shall not  
35 be granted or exercised except upon application to the director



1 and then only after issuance by the director of a direct pay  
2 tax permit.

3 Sec. 220. Section 423.40, subsection 2, Code 2018, is  
4 amended to read as follows:

5 2. a. Any person who knowingly sells tangible personal  
6 property, specified digital products, tickets or admissions  
7 to places of amusement and athletic events, or gas, water,  
8 electricity, or communication service at retail, or engages in  
9 the furnishing of services enumerated in section 423.2, in this  
10 state without procuring a permit to collect tax, as provided  
11 in section 423.36, or who violates section 423.24 and the  
12 officers of any corporation who so act are guilty of a serious  
13 misdemeanor.

14 b. A person who knowingly sells tangible personal property,  
15 specified digital products, tickets or admissions to places of  
16 amusement and athletic events, or gas, water, electricity, or  
17 communication service at retail, or engages in the furnishing  
18 of services enumerated in section 423.2, in this state after  
19 the person's sales tax permit has been revoked and before it  
20 has been restored as provided in section 423.36, subsection 6,  
21 and the officers of any corporation who so act are guilty of an  
22 aggravated misdemeanor.

23 Sec. 221. Section 423.41, Code 2018, is amended to read as  
24 follows:

25 **423.41 Books — examination.**

26 Every retailer required or authorized to collect taxes  
27 imposed by this chapter and every person using in this state  
28 tangible personal property, specified digital products,  
29 services, or the product of services shall keep records,  
30 receipts, invoices, and other pertinent papers as the director  
31 shall require, in the form that the director shall require,  
32 for as long as the director has the authority to examine and  
33 determine tax due. The director or any duly authorized agent  
34 of the department may examine the books, papers, records,  
35 and equipment of any person ~~either~~ selling tangible personal

1 property, specified digital products, or services or liable  
2 for the tax imposed by this chapter, and investigate the  
3 character of the business of any person in order to verify  
4 the accuracy of any return made, or if a return was not made  
5 by the person, ascertain and determine the amount due under  
6 this chapter. These books, papers, and records shall be made  
7 available within this state for examination upon reasonable  
8 notice when the director deems it advisable and so orders. If  
9 the taxpayer maintains any records in an electronic format,  
10 the taxpayer shall comply with reasonable requests by the  
11 director or the director's authorized agents to provide those  
12 electronic records in a standard record format. The preceding  
13 requirements shall likewise apply to users and persons  
14 furnishing services enumerated in section 423.2.

15 Sec. 222. Section 423.45, subsection 4, paragraphs a, b, and  
16 e, Code 2018, are amended to read as follows:

17 a. The department shall issue or the seller may separately  
18 provide exemption certificates in the form prescribed by the  
19 director, including certificates not made of paper, which  
20 conform to the requirements of paragraph "c", to assist  
21 retailers in properly accounting for nontaxable sales of  
22 tangible personal property, specified digital products,  
23 or services to purchasers for a nontaxable purpose. The  
24 department shall also allow the use of exemption certificates  
25 for those circumstances in which a sale is taxable but the  
26 seller is not obligated to collect tax from the buyer.

27 b. The sales tax liability for all sales of tangible  
28 personal property and specified digital products and all sales  
29 of services is upon the seller and the purchaser unless the  
30 seller takes from the purchaser a valid exemption certificate  
31 stating under penalty of perjury that the purchase is for a  
32 nontaxable purpose and is not a retail sale as defined in  
33 section 423.1, or the seller is not obligated to collect tax  
34 due, or unless the seller takes a fuel exemption certificate  
35 pursuant to subsection 5. If the tangible personal property,

1 specified digital products, or services are purchased tax free  
2 pursuant to a valid exemption certificate and the tangible  
3 personal property, specified digital products, or services are  
4 used or disposed of by the purchaser in a nonexempt manner, the  
5 purchaser is solely liable for the taxes and shall remit the  
6 taxes directly to the department and sections 423.31, 423.32,  
7 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
8 to the purchaser.

9 e. If the circumstances change and as a result the tangible  
10 personal property, specified digital products, or services are  
11 used or disposed of by the purchaser in a nonexempt manner or  
12 the purchaser becomes obligated to pay the tax, the purchaser  
13 is liable solely for the taxes and shall remit the taxes  
14 directly to the department in accordance with this subsection.

15 Sec. 223. Section 423.57, Code 2018, is amended to read as  
16 follows:

17 **423.57 Statutes applicable.**

18 The director shall administer this subchapter as it relates  
19 to the taxes imposed in this chapter in the same manner and  
20 subject to all the provisions of, and all of the powers,  
21 duties, authority, and restrictions contained in sections  
22 423.14, 423.14A, 423.14B, 423.15, 423.16, 423.17, 423.19,  
23 423.20, 423.21, 423.22, 423.23, 423.24, 423.25, 423.29, 423.31,  
24 423.32, 423.33, 423.34, 423.34A, 423.35, 423.37, 423.38,  
25 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection  
26 1, and sections 423.45, 423.46, and 423.47.

27 Sec. 224. Section 423.58, Code 2018, is amended to read as  
28 follows:

29 **423.58 Collection, permit, and tax return exemption for  
30 certain out-of-state businesses.**

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

1 29C.24, subsection 3, paragraph "a", subparagraph (2).

2 Sec. 225. Section 423B.5, subsection 1, Code 2018, is  
3 amended to read as follows:

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

1 contiguous counties as provided in section 423B.1, subsection  
2 4, paragraph "c", all cities contiguous to each other shall be  
3 treated as part of one incorporated area, even if the corporate  
4 boundaries of one or more of the cities include areas of more  
5 than one county, and the tax shall be imposed in each of those  
6 contiguous cities only if a majority of those voting on the tax  
7 in the total area covered by the contiguous cities favored its  
8 imposition.

9 Sec. 226. Section 423B.6, subsection 2, paragraph b, Code  
10 2018, is amended to read as follows:

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

28 Sec. 227. LEGISLATIVE INTENT. It is the intent of the  
29 general assembly that the provisions of this division of this  
30 Act amending the definition of "place of business" in section  
31 423.1, subsection 37, and "sales" in section 423.1, subsection  
32 50, enacting definitions of "sold at retail in the state" in  
33 section 423.1, subsection 55A, and "subscription" in section  
34 423.1, subsection 57A, and amending the enumerated service of  
35 pay television in 423.2, subsection 6, paragraph "a1", are

1 conforming amendments consistent with current state law, and  
2 that the amendments do not change the application of current  
3 law but instead reflect current law both before and after the  
4 enactment of this division of this Act.

5     Sec. 228. RELATIONSHIP TO EXISTING LAW FOR TAXATION OF  
6 SPECIFIED DIGITAL PRODUCTS. The provisions of this division of  
7 this Act relating to the imposition of tax on the sale or use of  
8 "specified digital products", as defined in this division of  
9 this Act, shall not be construed as affecting the taxability  
10 or nontaxability under other provisions of existing law of  
11 sales or uses occurring prior to the enactment of this division  
12 of this Act of products meeting the definition of "specified  
13 digital products", as defined in this division of this Act.

14     Sec. 229. EFFECTIVE DATE. Except as otherwise provided  
15 in this division of this Act, this division of this Act takes  
16 effect January 1, 2019.

17     Sec. 230. EFFECTIVE DATE. The following, being deemed of  
18 immediate importance, take effect upon enactment:

19     1. The sections of this division of this Act amending  
20 section 423.1, subsections 37 and 50.

21     2. The sections of this division of this Act enacting  
22 section 423.1, subsections 55A and 57A.

23     3. The section of this division of this Act amending section  
24 423.3, subsection 47, paragraph "d", subparagraph (4).

25     4. The provision amending the enumerated service of pay  
26 television to include but not be limited to streaming video,  
27 video on-demand, and pay-per-view, in the section of this  
28 division of this Act amending section 423.2, subsection 6, by  
29 designating paragraph "a1".

30     5. The section of this division of this Act entitled  
31 "legislative intent" which describes the intent of the general  
32 assembly with respect to certain amendments in this division of  
33 this Act to the definition of "place of business" in section  
34 423.1, subsection 37, "sales" in section 423.1, subsection 50,  
35 the enactment of a definition for "subscription" in section

1 423.1, subsection 57A, and "sold at retail" in section 423.1,  
2 subsection 55A, and amendments to the enumerated service of pay  
3 television in section 423.2, subsection 6, paragraph "al".

4 Sec. 231. EFFECTIVE DATE. The following take effect July  
5 1, 2018:

6 1. The section of this division of this Act amending section  
7 423.2, subsection 1, paragraph "a", subparagraph (1).

8 2. The provisions adding photography and retouching to the  
9 list of enumerated services subject to the sales tax in the  
10 section of this division of this Act amending section 423.2,  
11 subsection 6, by enacting paragraphs "bo" and "bp".

12 3. The section of this division of this Act enacting section  
13 423.2, subsection 8, paragraph "d".

14 4. The section of this division of this Act amending section  
15 423.5, subsection 1, paragraph "a".

16 DIVISION XII

17 APPROVAL AND IMPOSITION OF LOCAL OPTION SALES AND SERVICES TAX

18 Sec. 232. Section 423B.1, subsection 2, paragraph b,  
19 subparagraph (3), Code 2018, is amended to read as follows:

20 (3) The tax once imposed shall continue to be imposed until  
21 the county-imposed tax is ~~reduced or increased in rate or~~  
22 ~~repealed, and then the city-imposed tax shall also be reduced~~  
23 ~~or increased in rate or repealed in the same amount and be~~  
24 effective on the same date.

25 Sec. 233. Section 423B.1, subsections 3, 4, and 5, Code  
26 2018, are amended to read as follows:

27 3. a. ~~A local option tax shall be imposed only after an~~  
28 ~~election at which~~ If a majority of those voting on the question  
29 of imposition of a local option tax favors imposition and, the  
30 local option tax shall then be imposed at the rate specified  
31 on the ballot until repealed as provided in ~~subsection 6,~~  
32 ~~paragraph "a" this chapter.~~

33 b. If the tax is a local vehicle tax imposed by a county,  
34 it shall apply to all incorporated and unincorporated areas of  
35 the county.

1     c. (1) If the tax is a local sales and services tax  
2 imposed by a county, it shall only apply to those incorporated  
3 areas and the unincorporated area of that county in which a  
4 majority of those voting in the area on the tax favors its  
5 imposition. For purposes of the local sales and services tax,  
6 all cities contiguous to each other shall be treated as part of  
7 one incorporated area and the tax would be imposed in each of  
8 those contiguous cities only if the majority of those voting  
9 in the total area covered by the contiguous cities favors its  
10 imposition. ~~In the case of a local sales and services tax~~  
11 ~~submitted to the registered voters of two or more contiguous~~  
12 ~~counties as provided in subsection 4, paragraph "c", all cities~~  
13 ~~contiguous to each other shall be treated as part of one~~  
14 ~~incorporated area, even if the corporate boundaries of one or~~  
15 ~~more of the cities include areas of more than one county, and~~  
16 ~~the tax shall be imposed in each of those contiguous cities~~  
17 ~~only if a majority of those voting on the tax in the total area~~  
18 ~~covered by the contiguous cities favored its imposition.~~ For  
19 purposes of the local sales and services tax, a city is not  
20 contiguous to another city if the only road access between the  
21 two cities is through another state.

22     (2) The treatment of contiguous cities as one incorporated  
23 area for the purpose of determining whether a majority of those  
24 voting favors imposition does not apply to elections on the  
25 question of imposition of a local sales and services tax in  
26 all or a portion of a county that is a qualified county if the  
27 election occurs on or after January 1, 2019. For purposes  
28 of this chapter, "qualified county" means a county with a  
29 population in excess of four hundred thousand, a county with  
30 a population of at least one hundred thirty thousand but not  
31 more than one hundred thirty-one thousand, or a county with a  
32 population of at least sixty thousand but not more than seventy  
33 thousand, according to the 2010 federal decennial census.

34     4. a. (1) A The county board of supervisors shall direct  
35 within thirty days the county commissioner of elections to



1 submit the question of imposition of a local vehicle tax ~~or~~  
2 ~~a local sales and services tax~~ to the registered voters of  
3 the incorporated and unincorporated areas of the county upon  
4 receipt of a petition, requesting imposition of a local vehicle  
5 tax ~~or a local sales and services tax~~, signed by eligible  
6 electors of the whole county equal in number to five percent of  
7 the persons in the whole county who voted at the last preceding  
8 general election. ~~In the case of a local vehicle tax, the~~ The  
9 petition requesting imposition shall specify the rate of tax  
10 and the classes, if any, that are to be exempt. If more than  
11 one valid petition is received, the earliest received petition  
12 shall be used.

13 (2) The county board of supervisors shall direct within  
14 thirty days the county commissioner of elections to submit the  
15 question of imposition of a local sales and services tax to the  
16 registered voters of the incorporated and unincorporated areas  
17 of the county upon receipt of a petition requesting imposition  
18 of a local sales and services tax, signed by eligible electors  
19 of the whole county equal in number to five percent of the  
20 persons in the whole county who voted at the last preceding  
21 general election. If more than one valid petition is received,  
22 the earliest received petition shall be used.

23 (3) In lieu of the petition requirement of subparagraph  
24 (2), the county board of supervisors for a county that is a  
25 qualified county shall direct within thirty days the county  
26 commissioner of elections to submit the question of imposition  
27 of a local sales and services tax to the registered voters of a  
28 city, or the portion thereof located in the county, or to the  
29 registered voters of the unincorporated area of the county upon  
30 receipt by the board of supervisors of a petition requesting  
31 imposition of a local sales and services tax, signed by  
32 eligible electors of the city, or the portion thereof located  
33 in the county, or eligible electors of the unincorporated area  
34 of the county, as applicable, equal in number to five percent  
35 of the persons in the city, or applicable portion thereof, or

1 in the unincorporated area of the county who voted at the last  
2 preceding general election. If more than one valid petition  
3 is received for a city or for the unincorporated area of the  
4 county, the earliest received petition shall be used. This  
5 subparagraph applies to petitions received on or after January  
6 1, 2019.

7     *b.* (1) The question of the imposition of a local sales  
8 and services tax shall be submitted to the registered voters  
9 of the incorporated and unincorporated areas of the county  
10 upon receipt by the county commissioner of elections of the  
11 motion or motions, requesting such submission, adopted by  
12 the governing body or bodies of the city or cities located  
13 within the county or of the county, for the unincorporated  
14 areas of the county, representing at least one half of the  
15 population of the county. Upon adoption of such motion, the  
16 governing body of the city or county, for the unincorporated  
17 areas, shall submit the motion to the county commissioner of  
18 elections and in the case of the governing body of the city  
19 shall notify the board of supervisors of the adoption of the  
20 motion. The county commissioner of elections shall keep a file  
21 on all the motions received and, upon reaching the population  
22 requirements, shall publish notice of the ballot proposition  
23 concerning the imposition of the local sales and services tax.  
24 A motion ceases to be valid at the time of the holding of the  
25 regular election for the election of members of the governing  
26 body ~~which~~ that adopted the motion. The county commissioner of  
27 elections shall eliminate from the file any motion that ceases  
28 to be valid.

29     (2) In lieu of the motion requirements of subparagraph (1),  
30 the question of the imposition of a local sales and services  
31 tax shall be submitted to the registered voters of a city  
32 located in a county that is a qualified county, or the portion  
33 thereof located in the county, or to the registered voters  
34 of the unincorporated area of a county that is a qualified  
35 county upon receipt by the county commissioner of elections of

1 a motion requesting such submission, adopted by the governing  
2 body of the city or the county for the unincorporated area of  
3 the county, as applicable. Upon adoption of such motion, the  
4 governing body of the city or county for the unincorporated  
5 area shall submit the motion to the county commissioner of  
6 elections. The county commissioner of elections shall publish  
7 notice of the ballot proposition concerning the imposition of  
8 the local sales and services tax. This subparagraph applies to  
9 motions received by the county commissioner of elections on or  
10 after January 1, 2019.

11 (3) ~~The manner methods provided under this paragraph for the~~  
12 ~~submission of the question of imposition of a local sales and~~  
13 ~~services tax is an alternative are alternatives to the manner~~  
14 ~~methods provided in paragraph "a".~~

15 ~~c. Upon receipt of petitions or motions calling for the~~  
16 ~~submission of the question of the imposition of a local sales~~  
17 ~~and services tax as described in paragraph "a" or "b", the~~  
18 ~~boards of supervisors of two or more contiguous counties in~~  
19 ~~which the question is to be submitted may enter into a joint~~  
20 ~~agreement providing that for purposes of this chapter, a~~  
21 ~~city whose corporate boundaries include areas of more than~~  
22 ~~one county shall be treated as part of the county in which a~~  
23 ~~majority of the residents of the city reside. In such event,~~  
24 ~~the county commissioners of elections from each such county~~  
25 ~~shall cooperate in the selection of a single date upon which~~  
26 ~~the election shall be held, and for all purposes of this~~  
27 ~~chapter relating to the imposition, repeal, change of use,~~  
28 ~~or collection of the tax, such a city shall be deemed to be~~  
29 ~~part of the county in which a majority of the residents of the~~  
30 ~~city reside. A copy of the joint agreement shall be provided~~  
31 ~~promptly to the director of revenue.~~

32 5. a. The county commissioner of elections shall submit  
33 the question of imposition of a local option tax at an election  
34 held on a date specified in section 39.2, subsection 4,  
35 paragraph "a" or "b", as applicable. The election shall not be

1 held sooner than sixty days after publication of notice of the  
2 ballot proposition.

3 b. The ballot proposition shall specify the type and rate of  
4 tax and, in the case of a vehicle tax, the classes that will be  
5 exempt and, in the case of a local sales and services tax, the  
6 date it will be imposed which date shall not be earlier than  
7 ninety days following the election. The ballot proposition  
8 shall also specify the approximate amount of local option tax  
9 revenues that will be used for property tax relief, subject to  
10 the requirement of section 423B.7, subsection 7, paragraph "b",  
11 and shall contain a statement as to the specific purpose or  
12 purposes for which the revenues shall otherwise be expended.  
13 If the county board of supervisors or governing body of the  
14 city, as applicable, decides under subsection 6 to specify a  
15 date on which the local option sales and services tax shall  
16 automatically be repealed, the date of the repeal shall also be  
17 specified on the ballot.

18 c. The rate of the vehicle tax shall be in increments of one  
19 dollar per vehicle as set by the petition seeking to impose the  
20 tax.

21 d. The rate of a local sales and services tax shall ~~not~~ be  
22 ~~more than one percent as set by the governing body.~~

23 e. The state commissioner of elections shall establish by  
24 rule the form for the ballot proposition which form shall be  
25 uniform throughout the state.

26 Sec. 234. Section 423B.1, subsection 6, paragraph a,  
27 subparagraph (1), Code 2018, is amended by striking the  
28 subparagraph.

29 Sec. 235. Section 423B.1, subsection 6, paragraph a,  
30 subparagraphs (2) and (3), Code 2018, are amended to read as  
31 follows:

32 (2) (a) ~~The~~ A local option tax may be repealed or the  
33 rate of the local vehicle tax increased or decreased or the  
34 use ~~thereof~~ of a local option tax changed after an election at  
35 which a majority of those voting on the question of repeal or

1 rate or use change ~~favored~~ favours the repeal or rate or use  
2 change.

3 (b) The date on which the repeal, rate, or use change is  
4 to take effect shall not be earlier than ninety days following  
5 the election. The election at which the question of repeal  
6 or rate or use change is offered shall be called and held in  
7 the same manner and under the same conditions as provided in  
8 subsections 4 and 5 for the election on the imposition of the  
9 local option tax. However, in the case of a local sales and  
10 services tax where the tax has not been imposed countywide, the  
11 question of repeal or imposition ~~or rate~~ or use change shall  
12 be voted on only by the registered voters of the areas of the  
13 county where the tax has been imposed or has not been imposed,  
14 as appropriate.

15 (c) ~~However, the~~ The governing body of the ~~incorporated~~  
16 ~~area~~ city or unincorporated area where the local sales and  
17 services tax is imposed may, upon its own motion, request the  
18 county commissioner of elections to hold an election in the  
19 ~~incorporated~~ city, or portion thereof located in the county,  
20 or unincorporated area, as appropriate, on the question of the  
21 change in use of local sales and services tax revenues. The  
22 election may be held at any time but not sooner than sixty days  
23 following publication of the ballot proposition. If a majority  
24 of those voting in the ~~incorporated~~ city, or portion thereof  
25 located in the county, or unincorporated area on the change in  
26 use favors the change, the governing body of that area shall  
27 change the use to which the revenues shall be used. The ballot  
28 proposition shall list the present use of the revenues, the  
29 proposed use, and the date after which revenues received will  
30 be used for the new use.

31 (3) When submitting the question of the imposition of a  
32 local sales and services tax, the ~~county~~ board of supervisors  
33 or if the election is initiated under subsection 4, paragraph  
34 "a", subparagraph (3), or subsection 4, paragraph "b",  
35 subparagraph (2), the governing board of a city, may direct

1 that the question contain a provision for the repeal, without  
2 election, of the local sales and services tax on a specific  
3 date, which date shall be as provided in section 423B.6,  
4 subsection 1.

5 Sec. 236. Section 423B.1, subsection 7, paragraph b, Code  
6 2018, is amended to read as follows:

7 *b.* Costs of local option tax elections shall be apportioned  
8 among jurisdictions within the county voting on the question  
9 at the same election on a pro rata basis in proportion to the  
10 number of registered voters in each taxing jurisdiction voting  
11 on the question and the total number of registered voters in  
12 all of the taxing jurisdictions voting on the question.

13 Sec. 237. Section 423B.1, subsection 8, Code 2018, is  
14 amended by striking the subsection.

15 Sec. 238. Section 423B.1, subsections 9 and 10, Code 2018,  
16 are amended to read as follows:

17 9. *a.* In a county that has imposed a local option sales and  
18 services tax, the board of supervisors shall, notwithstanding  
19 any contrary provision of this chapter, repeal the local  
20 option sales and services tax in the unincorporated areas or  
21 in an incorporated city area in which the tax has been imposed  
22 upon adoption of ~~its~~ the board's own motion for repeal in the  
23 unincorporated areas or upon receipt of a motion adopted by  
24 the governing body of that incorporated city area requesting  
25 repeal. The board of supervisors shall repeal the local  
26 option sales and services tax effective on the ~~later of the~~  
27 ~~date of the adoption of the repeal motion or the~~ earliest date  
28 specified in section 423B.6, subsection 1, following adoption  
29 of the motion. For purposes of this ~~subsection~~ paragraph,  
30 incorporated city area includes an incorporated city which is  
31 contiguous to another incorporated city.

32 *b.* If imposition of the local option sales and services tax  
33 is initiated under subsection 4, paragraph "a", subparagraph  
34 (3), or subsection 4, paragraph "b", subparagraph (2),  
35 notwithstanding any contrary provision of this chapter, the

1 board of supervisors may repeal the local sales and services  
2 tax in a city, or portion thereof located in the county, upon  
3 receipt of a motion adopted by the governing board of the city  
4 requesting the repeal. The board of supervisors shall repeal  
5 the local sales and services tax effective on the earliest date  
6 specified in section 423B.6, subsection 1, following adoption  
7 of the motion.

8 10. Notwithstanding subsection 9 or any other contrary  
9 provision of this chapter, a local option sales and services  
10 tax shall not be repealed ~~or reduced in rate~~ if obligations are  
11 outstanding which are payable as provided in section 423B.9,  
12 unless funds sufficient to pay the principal, interest, and  
13 premium, if any, on the outstanding obligations at and prior  
14 to maturity have been properly set aside and pledged for that  
15 purpose.

16 Sec. 239. Section 423B.5, subsections 1 and 4, Code 2018,  
17 are amended to read as follows:

18 1. A local sales and services tax ~~at the rate of not more~~  
19 ~~than one percent~~ may be imposed by a county on the sales price  
20 taxed by the state under chapter 423, subchapter II. A local  
21 sales and services tax shall be imposed on the same basis as  
22 the state sales and services tax or in the case of the use of  
23 natural gas, natural gas service, electricity, or electric  
24 service on the same basis as the state use tax and shall not  
25 be imposed on the sale of any property or on any service not  
26 taxed by the state, except the tax shall not be imposed on  
27 the sales price from the sale of motor fuel or special fuel  
28 as defined in chapter 452A which is consumed for highway use  
29 or in watercraft or aircraft if the fuel tax is paid on the  
30 transaction and a refund has not or will not be allowed,  
31 on the sales price from the sale of equipment by the state  
32 department of transportation, or on the sales price from the  
33 sale or use of natural gas, natural gas service, electricity,  
34 or electric service in a city or county where the sales price  
35 from the sale of natural gas or electric energy is subject to

1 a franchise fee or user fee during the period the franchise  
2 or user fee is imposed. A local sales and services tax is  
3 applicable to transactions within those incorporated cities  
4 and unincorporated areas of the county where it is imposed and  
5 shall be collected by all persons required to collect state  
6 sales taxes. ~~All cities contiguous to each other shall be  
7 treated as part of one incorporated area and the tax would be  
8 imposed in each of those contiguous cities only if the majority  
9 of those voting in the total area covered by the contiguous  
10 cities favors its imposition. In the case of a local sales and  
11 services tax submitted to the registered voters of two or more  
12 contiguous counties as provided in section 423B.1, subsection  
13 4, paragraph "c", all cities contiguous to each other shall be  
14 treated as part of one incorporated area, even if the corporate  
15 boundaries of one or more of the cities include areas of more  
16 than one county, and the tax shall be imposed in each of those  
17 contiguous cities only if a majority of those voting on the  
18 tax in the total area covered by the contiguous cities favored  
19 its imposition. However, a local sales and services tax is  
20 not applicable to transactions sourced under chapter 423 to a  
21 place of business, as defined in section 423.1, of a retailer  
22 if such place of business is located in part within a city or  
23 unincorporated area of the county where the tax is not imposed.~~

24 4. If a local sales and services tax is imposed by a county  
25 pursuant to this chapter, a local excise tax at the same rate  
26 shall be imposed by the county on the purchase price of natural  
27 gas, natural gas service, electricity, or electric service  
28 subject to tax under chapter 423, subchapter III, and not  
29 exempted from tax by any provision of chapter 423, subchapter  
30 III. The local excise tax is applicable only to the use of  
31 natural gas, natural gas service, electricity, or electric  
32 service within those incorporated cities and unincorporated  
33 areas of the county where it is imposed and, except as  
34 otherwise provided in this chapter, shall be collected and  
35 administered in the same manner as the local sales and services



1 tax. For purposes of this chapter, "*local sales and services*  
2 *tax*" shall also include the local excise tax.

3 Sec. 240. Section 423B.6, subsection 1, paragraph c, Code  
4 2018, is amended to read as follows:

5 c. The imposition of ~~or a rate change for~~ a local sales and  
6 services tax shall not be applied to purchases from a printed  
7 catalog wherein a purchaser computes the local tax based on  
8 rates published in the catalog unless a minimum of one hundred  
9 twenty days' notice of the imposition ~~or rate change~~ has been  
10 given to the seller from the catalog and the first day of a  
11 calendar quarter has occurred on or after the one hundred  
12 twentieth day.

13 Sec. 241. Section 423B.7, subsection 1, Code 2018, is  
14 amended to read as follows:

15 1. a. Except as provided in ~~paragraph~~ paragraphs "b" and  
16 "c", the director shall credit the local sales and services  
17 tax receipts and interest and penalties from a county-imposed  
18 tax to the county's account in the local sales and services  
19 tax fund ~~and from a city-imposed tax under section 423B.1,~~  
20 ~~subsection 2, to the city's account in the local sales~~  
21 ~~and services tax fund~~ for the county in which the tax was  
22 collected. If the director is unable to determine from which  
23 county any of the receipts were collected, those receipts shall  
24 be allocated among the possible counties based on allocation  
25 rules adopted by the director.

26 b. ~~Notwithstanding paragraph "a", the~~ The director shall  
27 credit the designated amount of the increase in local sales  
28 and services tax receipts, as computed in section 423B.10,  
29 collected in an urban renewal area of an eligible city that has  
30 adopted an ordinance pursuant to section 423B.10, subsection  
31 2, into a special city account in the local sales and services  
32 tax fund.

33 c. The director shall credit the local sales and services  
34 tax receipts and interest and penalties from a city-imposed tax  
35 under section 423B.1, subsection 2, to the city's account in

1 the local sales and services tax fund.

2 Sec. 242. Section 423B.7, subsection 7, Code 2018, is  
3 amended to read as follows:

4 7. a. ~~Local~~ Subject to the requirement of paragraph "b",  
5 local sales and services tax moneys received by a city or  
6 county may be expended for any lawful purpose of the city or  
7 county.

8 b. Each city located in whole or in part in a qualified  
9 county and each qualified county for the unincorporated area  
10 for which the imposition of the local sales and services tax  
11 in the city or portion thereof or the unincorporated area,  
12 as applicable, was approved at election on or after January  
13 1, 2019, shall use not less than fifty percent of the moneys  
14 received from the qualified county's account in the local sales  
15 and services tax fund for property tax relief.

16 Sec. 243. Section 423B.8, subsection 1, paragraph a, Code  
17 2018, is amended to read as follows:

18 a. The goods, wares, or merchandise are incorporated into  
19 an improvement to real estate in fulfillment of a written  
20 contract fully executed prior to the date of the imposition ~~or~~  
21 ~~increase in rate~~ of a local sales and services tax under this  
22 chapter. The refund shall not apply to equipment transferred  
23 in fulfillment of a mixed construction contract.

24 Sec. 244. IMPLEMENTATION. This division of this Act shall  
25 not affect the imposition of local option taxes in effect on  
26 the effective date of this division of this Act and such taxes  
27 shall continue to be imposed until their repeal pursuant to  
28 chapter 423B. The law regarding repeal in effect at the time  
29 of the repeal governs the repeal of the local option taxes.

30 Sec. 245. EFFECTIVE DATE. This division of this Act takes  
31 effect January 1, 2019.

32

DIVISION XIII

33 HOTEL AND MOTEL EXCISE TAX AND AUTOMOBILE RENTAL EXCISE TAX  
34 CHANGES

35 Sec. 246. Section 423A.2, subsection 1, Code 2018, is

1 amended to read as follows:

2 1. For the purposes of this chapter, unless the context  
3 otherwise requires:

4 a. "Affiliate" means the same as defined in section 423.1.

5 ~~a.~~ b. "Department" means the department of revenue.

6 ~~b. "Lessor" means any person engaged in the business of  
7 renting lodging to users.~~

8 c. "Facilitate" or "facilitation" includes brokering,  
9 coordinating, or in any way arranging for the rental of lodging  
10 by users.

11 d. "Facilitation fee" means any consideration, by whatever  
12 name called, that a lodging facilitator or lodging platform  
13 charges to a user for facilitating the user's rental of  
14 lodging. "Facilitation fee" does not include any commission  
15 a lodging provider pays to a lodging facilitator or a lodging  
16 platform for facilitating the rental of lodging.

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

26 f. "Lodging facilitator" means a person or any affiliate of  
27 a person, other than a lodging provider or a lodging platform,  
28 that facilitates the renting of lodging and collects or  
29 processes the sales price charged to the user.

30 g. "Lodging platform" means a person or any affiliate of  
31 a person, other than a lodging provider, that facilitates the  
32 renting of lodging by doing all of the following:

33 (1) The person or an affiliate of the person owns, operates,  
34 or controls a lodging marketplace that allows a lodging  
35 provider who is not an affiliate of the person to offer or

1 list lodging for rent on the marketplace. For purposes of  
2 this subparagraph, it is immaterial whether or not the lodging  
3 provider has a tax permit under this chapter or in what manner  
4 the lodging is classified for property tax or zoning purposes.

5 (2) The person or an affiliate of the person collects or  
6 processes the sales price charged to the user.

7 h. "Lodging provider" means any of the following:

8 (1) A person or any affiliate of a person that owns,  
9 operates, or manages lodging and makes the lodging available  
10 for rent through the person or any affiliate, or through a  
11 lodging platform or a lodging facilitator.

12 (2) A person or any affiliate of a person who possesses or  
13 acquires a right to or interest in any lodging with an intent  
14 to rent the lodging to another person through the person or  
15 any affiliate, or through a lodging platform or a lodging  
16 facilitator.

17 ~~d.~~ i. "Person" means the same as the term is defined in  
18 section 423.1.

19 ~~e.~~ j. "Renting", "rental", or "rent" means a transfer  
20 of use, possession, or control of lodging for a fixed or  
21 indeterminate term for consideration and includes any kind of  
22 direct or indirect charge for such lodging or its use.

23 ~~f.~~ k. "Sales price" means the all consideration charged  
24 for the renting and facilitation of renting of lodging and  
25 means the same as the term is defined in section 423.1 before  
26 taxes, including but not limited to facilitation fees, cleaning  
27 fees, linen fees, towel fees, nonrefundable deposits, and any  
28 other direct or indirect charge made or consideration provided  
29 in connection with the renting and facilitation of renting of  
30 lodging.

31 ~~g.~~ l. "User" means a person to whom lodging is rented.

32 Sec. 247. Section 423A.3, Code 2018, is amended to read as  
33 follows:

34 **423A.3 State-imposed hotel and motel tax.**

35 A tax of five percent is imposed upon the sales price for

1 the renting of any lodging if the ~~renting occurs~~ lodging is  
2 located in this state. The tax shall be collected ~~by any~~  
3 ~~lessor of lodging from the user of that lodging and remitted~~  
4 as provided in section 423A.5A. ~~The lessor shall add the tax~~  
5 ~~to the sales price of the lodging, and the state imposed tax,~~  
6 ~~when collected, shall be stated as a distinct item, separate~~  
7 ~~and apart from the sales price of the lodging and the local tax~~  
8 ~~imposed, if any, under section 423A.4.~~

9 Sec. 248. Section 423A.4, Code 2018, is amended by adding  
10 the following new subsection:

11 NEW SUBSECTION. 5. The locally imposed hotel and motel tax  
12 shall be collected and remitted as provided in section 423A.5A.

13 Sec. 249. Section 423A.5, Code 2018, is amended to read as  
14 follows:

15 **423A.5 Exemptions.**

16 ~~1.~~ There are exempted from the provisions of this chapter  
17 and from the computation of any amount of tax imposed by  
18 ~~section 423A.3~~ this chapter all of the following:

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

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

25 ~~2.~~ ~~There is exempted from the provisions of this chapter and~~  
26 ~~from the computation of any amount of tax imposed by section~~  
27 ~~423A.4 all of the following:~~

28 ~~a.~~ ~~The sales price from the renting of lodging or rooms~~  
29 ~~exempt under subsection 1.~~

30 ~~b.~~ 3. The sales price of lodging furnished to the guests of  
31 a religious institution if the property is exempt under section  
32 427.1, subsection 8, and the purpose of renting is to provide a  
33 place for a religious retreat or function and not a place for  
34 transient guests generally.

35 Sec. 250. NEW SECTION. **423A.5A Collection and remittance**

1 of hotel and motel tax.

2 1. For purposes of this section:

3 a. "*Discount room charge*" means the amount a lodging  
4 provider charges a lodging facilitator for lodging, excluding  
5 any applicable tax.

6 b. "*Travel package*" means lodging bundled with one or more  
7 separate components such as air transportation, car rental, or  
8 similar items and charged for a single retail price.

9 2. This section shall govern the collection and remittance  
10 of all taxes imposed under this chapter.

11 3. Unless otherwise provided in this section, the  
12 state-imposed tax under section 423A.3 and any locally  
13 imposed tax under section 423A.4 shall be collected by the  
14 lodging provider from the user of that lodging and shall be  
15 remitted to the department. The lodging provider shall add  
16 the state-imposed tax to the sales price of the lodging and  
17 the tax, when collected, shall be stated as a distinct item,  
18 separate and apart from the sales price of the lodging and from  
19 the locally imposed tax, if any. The lodging provider shall  
20 add the locally imposed tax, if any, to the sales price of  
21 the lodging and the tax, when collected, shall be stated as a  
22 distinct item, separate and apart from the sales price of the  
23 lodging and from the state-imposed tax.

24 4. If a transaction for the rental of lodging involves a  
25 lodging facilitator, all of the following shall occur in the  
26 order prescribed:

27 a. The lodging facilitator shall collect the taxes imposed  
28 under this chapter on any sales price that the user pays to the  
29 lodging facilitator in the same manner as a lodging provider  
30 under subsection 3.

31 b. (1) Unless otherwise required by rule or order of the  
32 department, the lodging facilitator shall remit to the lodging  
33 provider that portion of the taxes collected on the sales price  
34 that represents the discount room charge.

35 (2) No assessment shall be made against a lodging

1 facilitator for tax due on a discount room charge if the  
2 lodging facilitator collected the tax and remitted it to a  
3 lodging provider that has a valid tax permit required under  
4 this chapter. This subparagraph shall not apply if the lodging  
5 facilitator and lodging provider are affiliates, or if the  
6 department requires the lodging facilitator to remit taxes  
7 collected on that portion of the sales price that represents  
8 the discount room charge directly to the department.

9     *c.* The lodging facilitator shall remit any remaining tax it  
10 collected to the department.

11     *d.* (1) The lodging provider shall collect and remit to the  
12 department any taxes the lodging facilitator remitted to the  
13 lodging provider, and shall collect and remit to the department  
14 any taxes due on any amount of sales price the user paid to the  
15 lodging provider.

16     (2) No assessment shall be made against a lodging provider  
17 for any tax due on a discount room charge that was not remitted  
18 to the lodging provider by a lodging facilitator. This  
19 subparagraph shall not apply if the lodging provider and  
20 lodging facilitator are affiliates.

21     *e.* Notwithstanding any other provision of this section  
22 to the contrary, if a lodging facilitator and its affiliates  
23 facilitate total rentals under this chapter and chapter  
24 423C that are equal to or less than an aggregate amount of  
25 sales price and rental price of ten thousand dollars for an  
26 immediately preceding calendar year or a current calendar year,  
27 or in ten or fewer separate transactions for an immediately  
28 preceding calendar year or a current calendar year, the lodging  
29 facilitator shall not be required to collect tax on the amount  
30 of sales price that represents the lodging facilitator's  
31 facilitation fee.

32     5. If a transaction for the rental of lodging involves a  
33 lodging platform, the lodging platform shall collect and remit  
34 the taxes imposed under this chapter in the same manner as a  
35 lodging provider under subsection 3.

1     6. If a transaction for the rental of lodging is part of a  
2 travel package, the portion of the total price that represents  
3 the sales price for the rental of lodging may be determined by  
4 the person required under this section to collect the taxes  
5 from the person's books and records that are kept in the  
6 regular course of business including but not limited to books  
7 and records kept for non-tax purposes.

8     Sec. 251. Section 423A.6, subsection 4, Code 2018, is  
9 amended to read as follows:

10     4. Section 422.25, subsection 4, sections 422.30, 422.67,  
11 and 422.68, section 422.69, subsection 1, sections 422.70,  
12 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection  
13 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,  
14 423.35, 423.37 through 423.42, and 423.47, consistent with the  
15 provisions of this chapter, apply with respect to the taxes  
16 authorized under this chapter, in the same manner and with the  
17 same effect as if the state and local hotel and motel taxes  
18 were retail sales taxes within the meaning of those statutes.  
19 Notwithstanding this subsection, the director shall provide  
20 for quarterly filing of returns and for other than quarterly  
21 filing of returns both as prescribed in section 423.31. The  
22 director may require all persons who are engaged in the  
23 business of deriving any sales price subject to tax under this  
24 chapter to register with the department. All taxes collected  
25 under this chapter by a retailer, lodging provider, lodging  
26 facilitator, lodging platform, or any individual other person  
27 are deemed to be held in trust for the state of Iowa and the  
28 local jurisdictions imposing the taxes.

29     Sec. 252. Section 423C.2, Code 2018, is amended to read as  
30 follows:

31     **423C.2 Definitions.**

32     For purposes of this chapter, unless the context otherwise  
33 requires:

34     1. "Affiliate" means the same as defined in section 423.1.

35     ~~1.~~ 2. "Automobile" means a motor vehicle subject to



1 registration in any state designed primarily for carrying  
2 nine passengers or less, excluding motorcycles and motorized  
3 bicycles.

4 3. "Automobile provider" means any of the following:

5 a. A person or any affiliate of a person that owns or  
6 controls an automobile and makes the automobile available for  
7 rent through the person or any affiliate, or through a rental  
8 platform or rental facilitator.

9 b. A person or any affiliate of a person who possesses or  
10 acquires a right or interest in any automobile with an intent  
11 to rent the automobile to another person through the person  
12 or any affiliate, or through a rental platform or a rental  
13 facilitator.

14 ~~2.~~ 4. "Department" means the department of revenue.

15 ~~3. "Lessor" means a person engaged in the business of~~  
16 ~~renting automobiles to users. "Lessor" includes a motor vehicle~~  
17 ~~dealer licensed pursuant to chapter 322 who rents automobiles~~  
18 ~~to users. For this purpose, the objective of making a profit~~  
19 ~~is not necessary to make the renting activity a business.~~

20 5. "Facilitate" or "facilitation" includes brokering,  
21 coordinating, or in any way arranging for the rental of  
22 automobiles by users.

23 6. "Facilitation fee" means any consideration, by whatever  
24 name called, that a rental facilitator or a rental platform  
25 charges to a user for facilitating the user's rental of an  
26 automobile. "Facilitation fee" does not include any commission  
27 an automobile provider pays to a rental facilitator or a rental  
28 platform for facilitating the rental of an automobile.

29 ~~4.~~ 7. "Person" means person as defined in section 423.1.

30 ~~5.~~ 8. "Rental", "renting", or "rent" means a transfer  
31 of the use, control, or possession or right to use, control,  
32 or possession of an automobile to a user for a valuable  
33 consideration for a period of sixty days or less.

34 9. "Rental facilitator" means a person or any affiliate of a  
35 person, other than an automobile provider or a rental platform,

1 that facilitates the renting of an automobile and collects or  
2 processes the rental price charged to the user.

3 10. "Rental platform" means a person or any affiliate of a  
4 person, other than an automobile provider, that facilitates the  
5 renting of an automobile by doing all of the following:

6 a. The person or an affiliate of the person owns, operates,  
7 or controls an automobile rental marketplace that allows an  
8 automobile provider who is not an affiliate of the person to  
9 offer or list an automobile for rent on the marketplace. For  
10 purposes of this paragraph, it is immaterial whether or not  
11 the automobile provider has a tax permit under this chapter or  
12 chapter 423 or whether the automobile is owned by a natural  
13 person or by a business entity.

14 b. The person or an affiliate of the person collects or  
15 processes the rental price charged to the user.

16 ~~6.~~ 11. "Rental price" means the all consideration charged  
17 for the renting and facilitation of renting of an automobile  
18 valued in money, and means the same as "sales price" as  
19 defined in section 423.1 before taxes, including but not  
20 limited to facilitation fees, reservation fees, services fees,  
21 nonrefundable deposits, and any other direct or indirect charge  
22 made or consideration provided in connection with the renting  
23 or facilitation of renting of an automobile.

24 ~~7.~~ 12. "User" means a person to whom the possession or  
25 the right to possession of an automobile is transferred for  
26 a period of sixty days or less for a valuable consideration  
27 which is paid by the user or by another person an automobile is  
28 rented.

29 Sec. 253. Section 423C.3, Code 2018, is amended to read as  
30 follows:

31 **423C.3 Tax on rental of automobiles — collection and**  
32 **remittance of tax.**

33 1. For purposes of this section:

34 a. "Discount rental charge" means the amount an automobile  
35 provider charges to a rental facilitator for the rental of an

1 automobile, excluding any applicable tax.

2 b. "Travel package" means an automobile rental bundled  
3 with one or more separate components such as lodging, air  
4 transportation, or similar items and charged for a single  
5 retail price.

6 ~~1.~~ 2. A tax of five percent is imposed upon the rental  
7 price of an automobile if the rental transaction is subject to  
8 the sales and services tax under chapter 423, subchapter II, or  
9 the use tax under chapter 423, subchapter III. The tax shall  
10 not be imposed on any rental transaction not taxable under the  
11 state sales and services tax, as provided in section 423.3, or  
12 the state use tax, as provided in section 423.6, on automobile  
13 rental receipts.

14 ~~2.~~ 3. ~~The lessor~~ This subsection shall govern the  
15 collection and remittance of the tax imposed under subsection  
16 2.

17 a. Unless otherwise provided in this subsection, the  
18 automobile provider shall collect the tax by adding the tax to  
19 the rental price of the automobile.

20 ~~3.~~ ~~The~~ and the tax, when collected, shall be stated as a  
21 distinct item separate and apart from the rental price of the  
22 automobile and the sales and services tax imposed under chapter  
23 423, subchapter II, or the use tax imposed under chapter 423,  
24 subchapter III.

25 b. If a transaction for the rental of an automobile involves  
26 a rental facilitator, all of the following shall occur in the  
27 order prescribed:

28 (1) The rental facilitator shall collect the tax on any  
29 rental price that the user pays to the rental facilitator in  
30 the same manner as an automobile provider under paragraph "a".

31 (2) (a) Unless otherwise required by rule or order of  
32 the department, the rental facilitator shall remit to the  
33 automobile provider that portion of the tax collected on the  
34 rental price that represents the discount rental charge.

35 (b) No assessment shall be made against a rental facilitator

1 for tax due on a discount rental charge if the rental  
2 facilitator collected the tax and remitted it to an automobile  
3 provider that has a valid tax permit required under this  
4 chapter or under chapter 423. This subparagraph division shall  
5 not apply if the rental facilitator and automobile provider  
6 are affiliates, or if the department requires the rental  
7 facilitator to remit taxes collected on that portion of the  
8 sales price that represents the discount rental charge directly  
9 to the department.

10 (3) The rental facilitator shall remit any remaining tax it  
11 collected to the department.

12 (4) (a) The automobile provider shall collect and remit  
13 to the department any taxes the rental facilitator remitted to  
14 the automobile provider, and shall collect and remit to the  
15 department any taxes due on any amount of rental price the user  
16 paid to the automobile provider.

17 (b) No assessment shall be made against an automobile  
18 provider for any tax due on a discount rental charge that  
19 was not remitted to the automobile provider by a rental  
20 facilitator. This subparagraph division shall not apply if the  
21 automobile provider and the rental facilitator are affiliates.

22 (5) Notwithstanding any other provision of this paragraph  
23 to the contrary, if a rental facilitator and its affiliates  
24 facilitate total rentals under this chapter and chapter  
25 423A that are equal to or less than an aggregate amount of  
26 rental price and sales price of ten thousand dollars for an  
27 immediately preceding calendar year or a current calendar year,  
28 or in ten or fewer separate transactions for an immediately  
29 preceding calendar year or a current calendar year, the  
30 rental facilitator shall not be required to collect tax on the  
31 amount of sales price that represents the rental facilitator's  
32 facilitation fee.

33 c. (1) If a transaction for the rental of an automobile  
34 involves a rental platform, other than a rental platform  
35 described in subparagraph (2), the rental platform shall

1 collect and remit the tax imposed under this chapter in the  
2 same manner as an automobile provider under paragraph "a".

3 (2) A rental platform is not required to collect and remit  
4 the tax imposed under this chapter in the same manner as an  
5 automobile provider under paragraph "a" if the rental platform  
6 meets all of the following requirements:

7 (a) The only sales the rental platform and its affiliates  
8 facilitate that are subject to tax under chapter 423 are sales  
9 of a transportation service under section 423.2, subsection 6,  
10 paragraph "bf", or section 423.5, subsection 1, paragraph "e",  
11 consisting of the rental of vehicles subject to registration  
12 which are registered for a gross weight of thirteen tons or  
13 less for a period of sixty days or less.

14 (b) The rental platform operates a peer-to-peer automobile  
15 sharing marketplace.

16 (3) For any rental transaction for which the rental platform  
17 is required to or elects to collect and remit the tax under  
18 this chapter, the rental platform shall also be liable for the  
19 collection and remittance of any sales or use tax due on that  
20 transaction under section 423.2, subsection 6, paragraph "bf",  
21 or section 423.5, subsection 1, paragraph "e", notwithstanding  
22 any other provision to the contrary in chapter 423.

23 (4) For any rental transaction for which the rental platform  
24 is not required to collect and remit the tax under this chapter  
25 as provided under subparagraph (2), the automobile provider  
26 shall be solely liable for any amount of uncollected or  
27 unremitted tax under this chapter.

28 Sec. 254. LEGISLATIVE INTENT. It is the intent of the  
29 general assembly that the provision of this division of this  
30 Act amending the definition of "lodging" in section 423A.2,  
31 subsection 1, is a conforming amendment consistent with  
32 current state law, and that the amendment does not change the  
33 application of current law but instead reflects current law  
34 both before and after the enactment of this division of this  
35 Act.

S-5310 (Continued)

1     Sec. 255. EFFECTIVE DATE. Except as otherwise provided  
2 in this division of this Act, this division of this Act takes  
3 effect January 1, 2019.

4     Sec. 256. EFFECTIVE DATE. The following, being deemed of  
5 immediate importance, take effect upon enactment:

6     1. The provision amending the definition of "lodging" in the  
7 section of this division of this Act amending section 423A.2,  
8 subsection 1.

9     2. The section of this division of this Act entitled  
10 "legislative intent" which describes the intent of the general  
11 assembly with respect to the amendment in this division of  
12 this Act to the definition of "lodging" in section 423A.2,  
13 subsection 1.>

14     2. Title page, by striking lines 1 through 8 and inserting  
15 <An Act relating to state and local revenue and finance by  
16 modifying the individual and corporate income taxes, the  
17 franchise tax, tax credits, the sales and use taxes and  
18 local option sales tax, the hotel and motel excise tax, the  
19 automobile rental excise tax, the Iowa educational savings plan  
20 trust, providing for other properly related matters, making  
21 penalties applicable, and including immediate and contingent  
22 effective date and retroactive and other applicability  
23 provisions.>>

By RANDY FEENSTRA

S-5310 FILED MAY 4, 2018

SENATE FILE 2418

S-5306

1 Amend Senate File 2418 as follows:

2 1. Page 1, by striking lines 30 through 33 and inserting:

3 <4. ~~Of the funds appropriated in this section, at least~~  
4 ~~\$125,000 shall be used to fund the unmet needs identified~~  
5 ~~through Iowa's aging and disability resource center network.~~>

6 2. Page 6, line 2, by striking <12.00> and inserting <~~12.00~~  
7 13.00>

8 3. Page 10, line 15, by striking <4,865,152> and inserting  
9 <4,970,152>

10 4. Page 11, line 20, by striking <\$437,829> and inserting  
11 <\$542,829>

12 5. Page 25, after line 32 by inserting:

13 <Sec. \_\_\_\_ . 2017 Iowa Acts, chapter 174, section 48,  
14 subsection 4, is amended by striking the subsection.>

15 6. Page 26, line 8, by striking <1,337,946,375> and  
16 inserting <1,337,841,375>

17 7. Page 29, line 23, by striking <\$300,000> and inserting  
18 <\$195,000>

19 8. Page 29, line 26, by striking <nonprofit>

20 9. Page 29, lines 34 and 35, by striking <as of June 1,  
21 2018>

22 10. Page 32, line 31, by striking <\$723,000> and inserting  
23 <\$573,000>

24 11. Page 33, by striking lines 6 through 15 and inserting:

25 <b. Of the funds allocated in this subsection, ~~\$12,500~~  
26 \$25,000 shall be used for the public purpose of continuation  
27 of a grant to a nonprofit provider of child welfare services  
28 provider headquartered that has been in existence for more than  
29 115 years, is located in a county with a population between  
30 ~~205,000~~ 200,000 and ~~215,000~~ in 220,000 according to the latest  
31 certified federal census ~~that provides multiple services~~  
32 including but not limited to, is licensed as a psychiatric  
33 medical institution for children, shelter, residential  
34 treatment, after school programs, and provides school-based  
35 programming, and an Asperger's syndrome program, to be used for

1 support services for children with autism spectrum disorder and  
2 their families.>

3 12. Page 34, line 30, by striking <40,816,831> and inserting  
4 <40,816,931>

5 13. Page 48, after line 16 by inserting:

6 <Sec. \_\_\_\_\_. 2017 Iowa Acts, chapter 174, section 70,  
7 subsection 7, is amended to read as follows:

8 7. a. For the purposes of this subsection, "combined  
9 reimbursement rate" means the combined service and maintenance  
10 reimbursement rate for a service level under the department's  
11 reimbursement methodology. ~~Effective July 1, 2018, the~~  
12 ~~combined reimbursement rate for a group foster care service~~  
13 ~~level shall be the amount designated in this subsection.~~

14 ~~However, if a group foster care provider's reimbursement rate~~  
15 ~~for a service level as of June 30, 2018, is more than the rate~~  
16 ~~designated in this subsection, the provider's reimbursement~~  
17 ~~shall remain at the higher rate.~~

18 ~~b. Unless a group foster care provider is subject to the~~  
19 ~~exception provided in paragraph "a", effective July 1, 2018,~~  
20 ~~the combined reimbursement rates for the service levels under~~  
21 ~~the department's reimbursement methodology shall be as follows:~~

22 ~~(1) For service level, community - D1, the daily rate shall~~  
23 ~~be at least \$84.17.~~

24 ~~(2) For service level, comprehensive - D2, the daily rate~~  
25 ~~shall be at least \$119.09.~~

26 ~~(3) For service level, enhanced - D3, the daily rate shall~~  
27 ~~be at least \$131.09 established by contract.~~>

28 14. Page 74, by striking lines 13 through 21 and inserting:

29 <c. ~~During the period of April 2, 2013, through July 1,~~  
30 ~~2013, the~~ The department shall work with any county that has  
31 not agreed to be part of a region in accordance with paragraph  
32 "a" and with the regions forming around the county to resolve  
33 issues preventing the county from joining a region. ~~By July~~  
34 ~~1, 2013, a~~ A county that has not agreed to be part of a region  
35 in accordance with paragraph "a" shall be assigned by the



1 department to a region, unless exempted pursuant to subsection  
2 ± prior to July 1, 2014.>

3 15. Page 86, line 12, by striking <331.424A> and inserting  
4 <331.432>

5 16. Page 86, line 15, by striking <not comprised of revenue  
6 generated by a levy>

7 17. Page 91, after line 12 by inserting:

8 <3A. a. For the purposes of this section, an entity that  
9 performs abortions or that maintains or operates a facility  
10 where abortions are performed shall not be interpreted to  
11 include a nonpublic entity that is a distinct location of  
12 a nonprofit health care delivery system, if the distinct  
13 location provides family planning services but does not perform  
14 abortions or maintain or operate as a facility where abortions  
15 are performed.

16 b. The department of public health shall adopt rules  
17 pursuant to chapter 17A to require that as a condition of  
18 receiving funds under this section, each distinct location of  
19 a nonprofit health care delivery system shall apply for and  
20 be awarded funds as a separate provider, shall be assigned a  
21 distinct provider identification number, and shall complete an  
22 attestation that abortions are not performed at the distinct  
23 location.

24 c. For the purposes of this section, "nonprofit health  
25 care delivery system" means an Iowa nonprofit corporation  
26 that controls, directly or indirectly, a regional health  
27 care network consisting of hospital facilities and various  
28 ambulatory and clinic locations that provide a range of  
29 primary, secondary, and tertiary inpatient, outpatient, and  
30 physician services.>

31 18. Page 91, line 31, by striking <contract> and inserting  
32 <project period>

33 19. Page 92, line 12, by striking <contract> and inserting  
34 <project period>

35 20. By renumbering as necessary.

S-5306 (Continued)

By MARK COSTELLO

[S-5306](#) FILED MAY 4, 2018  
ADOPTED

SENATE FILE 2418

S-5308

1 Amend Senate File 2418 as follows:

2 1. Page 111, after line 12 by inserting:

3 <DIVISION \_\_\_\_

4 MEDICAID MANAGED CARE — LONG-TERM SERVICES AND SUPPORTS

5 Sec. \_\_\_\_ . TERMINATION OF MEDICAID MANAGED CARE CONTRACTS

6 RELATIVE TO LONG-TERM SERVICES AND SUPPORTS POPULATION —

7 TRANSITION TO FEE-FOR-SERVICE. The department of human

8 services shall, upon the effective date of this division

9 of this Act, provide written notice in accordance with the

10 termination provisions of the contract, to each managed care

11 organization with whom the department executed a contract to

12 administer the Iowa high quality health care initiative as

13 established by the department, to terminate such contracts as

14 applicable to the Medicaid long-term services and supports

15 population, following a sixty-day transition period. The

16 department shall transfer the long-term services and supports

17 population to fee-for-service program administration. The

18 transition shall be based on a transition plan developed by

19 the department and submitted to the council on human services

20 and the medical assistance advisory council for review. The

21 department of human services shall seek any Medicaid state plan

22 or waiver amendments necessary to complete the transition.

23 Sec. \_\_\_\_ . EFFECTIVE DATE. This division of this Act, being

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

25 2. By renumbering as necessary.

By PAM JOCHUM

AMANDA RAGAN

LIZ MATHIS

NATE BOULTON

S-5308 FILED MAY 4, 2018

LOST

SENATE FILE 2418

S-5309

- 1 Amend Senate File 2418 as follows:
- 2 1. Page 26, line 8, by striking <1,337,946,375> and
- 3 inserting <1,337,646,375>
- 4 2. Page 29, by striking lines 22 through 35.
- 5 3. By renumbering as necessary.

By JEFF DANIELSON  
WILLIAM A. DOTZLER, JR.  
ROBERT E. DVORSKY  
JOE BOLKCOM

S-5309 FILED MAY 4, 2018

LOST

HOUSE FILE 631

S-5303

1 Amend House File 631, as amended, passed, and reprinted by  
2 the House, as follows:

- 3 1. Page 1, line 3, by striking <2017> and inserting <2018>
- 4 2. Page 1, line 21, by striking <2018> and inserting <2019>
- 5 3. Page 1, line 30, by striking <2017> and inserting <2018>
- 6 4. Page 2, line 2, by striking <2017> and inserting <2018>
- 7 5. Page 2, line 4, by striking <2017> and inserting <2018>
- 8 6. Page 2, line 31, by striking <2017> and inserting <2018>
- 9 7. Page 2, line 35, by striking <2017> and inserting <2018>
- 10 8. Page 3, line 10, by striking <2017> and inserting <2018>
- 11 9. Page 3, line 16, by striking <2017> and inserting <2018>
- 12 10. Page 3, line 27, by striking <2017> and inserting <2018>
- 13 11. Page 4, line 25, by striking <2020> and inserting <2021>
- 14 12. Page 4, after line 25 by inserting:

15 <Sec. \_\_\_\_\_. Section 483A.8, subsection 7, Code 2018, is  
16 amended to read as follows:

17 7. A person who is issued a youth deer hunting license and  
18 ~~does not take a deer during the youth deer hunting season~~ may  
19 use the deer hunting license and unused tag during any other  
20 firearm established deer hunting season that is established by  
21 the commission to take a deer of either sex using the method of  
22 take authorized by rule for each season being hunted. If the  
23 tag is filled during one of the seasons, the license will not  
24 be valid in subsequent seasons.>

- 25 13. Page 4, line 26, by striking <2017> and inserting <2018>
- 26 14. Page 5, line 3, by striking <2017> and inserting <2018>
- 27 15. Page 6, line 7, by striking <2017> and inserting <2018>
- 28 16. Page 6, line 11, by striking <2017> and inserting <2018>
- 29 17. Page 6, line 15, by striking <2017> and inserting <2018>
- 30 18. Page 6, line 30, by striking <2017> and inserting <2018>
- 31 19. Page 6, line 35, by striking <2017> and inserting <2018>
- 32 20. Page 7, line 19, by striking <2017> and inserting <2018>
- 33 21. Page 8, line 18, by striking <2017> and inserting <2018>
- 34 22. Page 9, line 9, by striking <2017> and inserting <2018>
- 35 23. Page 9, line 17, by striking <2017> and inserting <2018>

S-5303 (Continued)

- 1      24. Page 9, line 29, by striking <2017> and inserting <2018>  
2      25. Page 10, line 16, by striking <2017> and inserting  
3 <2018>  
4      26. Page 11, line 3, by striking <2017> and inserting <2018>  
5      27. Page 11, line 20, by striking <2017> and inserting  
6 <2018>  
7      28. Page 11, line 27, by striking <2017> and inserting  
8 <2018>  
9      29. Page 11, line 33, by striking <2017> and inserting  
10 <2018>  
11     30. Page 12, line 8, by striking <2017> and inserting <2018>  
12     31. Page 12, line 11, by striking <2017> and inserting  
13 <2018>  
14     32. Page 12, line 14, by striking <2017> and inserting  
15 <2018>  
16     33. Page 12, by striking line 15 and inserting <2018, is  
17 subject to the provisions of Code 2018. This Act does>  
18     34. Page 12, line 17, by striking <2017> and inserting  
19 <2018>  
20     35. By renumbering as necessary.

By DAN DAWSON

S-5303 FILED MAY 4, 2018

ADOPTED

HOUSE AMENDMENT TO SENATE AMENDMENT TO  
TO HOUSE FILE 2492

S-5305

- 1 Amend the Senate amendment, H-8466, to House File 2492, as  
2 amended, passed, and reprinted by the House, as follows:  
3 1. Page 2, after line 9 by inserting:  
4 <\_\_\_. Page 20, line 28, by striking <1,000,000> and  
5 inserting <1,500,000>

S-5305 FILED MAY 4, 2018  
CONCURRED

HOUSE AMENDMENT TO SENATE AMENDMENT TO  
HOUSE FILE 2493

S-5304

1 Amend the Senate amendment, H-8467, to House File 2493, as  
2 amended, passed, and reprinted by the House, as follows:

3 1. By striking page 1, line 31, through page 2, line 19, and  
4 inserting:

5 <INDEPENDENT INVESTIGATION OF IOWA FINANCE AUTHORITY  
6 Sec. \_\_\_\_ . FINANCIAL AND SEXUAL HARASSMENT INVESTIGATIONS  
7 OF IOWA FINANCE AUTHORITY. The independent investigators who  
8 have been selected to conduct an investigation of the Iowa  
9 finance authority shall each submit a report with a summary of  
10 the results of the independent investigator's investigation  
11 to the general assembly no later than December 1, 2018. The  
12 financial investigation shall include an analysis of all  
13 expenses reimbursed by the state to the former director of  
14 the authority and all employees of the authority for the  
15 period January 1, 2011, through June 30, 2018. Such expenses  
16 shall include all travel, lodging, meals, beverages, personal  
17 services, entertainment, office expenses, and all other  
18 expenditures not included in the authority's budget. The  
19 financial investigation shall also include an analysis of any  
20 personal financial or other personal accounts used by the  
21 former authority director or any employee of the authority to  
22 collect agency fees or other moneys collected by the authority.  
23 The sexual harassment investigation shall include a review  
24 of any conduct of current and former authority employees in  
25 violation of a state human resources policy or an authority  
26 personnel policy that is related to the termination of the  
27 former director of the authority.>

28 2. By renumbering as necessary.

S-5304 FILED MAY 4, 2018

CONCURRED