SENATE FILE 580
BY COMMITTEE ON WAYS AND MEANS

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

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

 = New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. A massive online marketplace.

b. A massive online video sharing website.

c. A massive social networking website.

d. A monopolistic entity.

e. A pre-installed application store.

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

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

a. Depicts or involves killing, maiming, dismembering, or sexually assaulting an individual.

b. Lacks serious literary, scientific, political, or artistic value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Allows users a mechanism for communication with other users.

c. Has at least twenty million subscribers or members in the United States in the calendar year before the date a court has found by a preponderance of the evidence that the massive social networking website has violated a provision of this chapter, or has been used by at least twenty million individuals in the United States in the calendar year before the date a court has found by a preponderance of the evidence that the massive social networking website has violated a provision of this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

b. Allows users a mechanism for communication with other

users.

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

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

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

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

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

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

(1) Obscene material.

(2) Excessively violent content.

(3) Pornography.

(4) Content generated by bots.

(5) Intellectual property.

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

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

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

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

b. For purposes of this subsection:

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

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

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

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

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

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

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

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

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

a. Tax credits; assistance from programs and funds under section 15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, that were previously claimed by the company but not earned under the terms of the agreement with the governmental entity at the time of the cancellation of the agreement pursuant to subsection 1, shall be recaptured or terminated by the governmental entity. The recapture or termination pursuant to this subsection of any tax credits; assistance under section 15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, that were previously claimed but not earned by the company shall supersede any agreement previously entered into with the governmental entity. Recapture or termination pursuant to this subsection shall be accomplished in the same manner as provided in section 15.330, subsection 2, by the method for resolving a breach described in the agreement, through court action, or any other means determined by the attorney general to result in the most expeditious recapture or termination of tax credits; assistance under section 15.335B; sales tax exemptions or refunds under chapter

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

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

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

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

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

a. Conduct a review of currently effective agreements related to tax credits; assistance under section 15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, that were provided by the governmental entity beginning January 1, 2001, through the effective date of this Act, to determine if any agreements related to tax credits; assistance under section 15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, were entered into with, or provided to, a company.

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

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

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

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

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

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

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

company has violated a provision of this chapter.

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

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

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

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

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

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

1. The office of the attorney general shall enforce

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Personal service thereof without this state.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. The company shall be permanently prohibited from

entering into any agreement with a governmental entity regarding tax credits; assistance under section 15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, and shall be permanently prohibited from receiving from a governmental entity any payments; tax credits; assistance under section15.335B; sales tax exemptions or refunds under chapter 423; or property tax credits, exemptions, including but not limited to exemptions under chapter 427, rebates, refunds, reimbursements, or grants for property taxes paid, if the company violates a provision of this chapter after a court has granted the company's petition for stay pursuant to this section and before the end of the twenty-year prohibition provided in section 554E.3, subsection 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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