

CHAPTER 1172

VEHICLE LEASES AND RENTALS BETWEEN AFFILIATES — REGISTRATION FEES AND SALES AND USE TAX EXEMPTION

H.F. 664

AN ACT exempting certain leases or rentals between affiliates from the sales and use tax and from the fee for new vehicle registration, and including effective date and retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. [Section 321.105A, subsection 3](#), paragraph f, Code 2024, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) (a) A vehicle leased between affiliates, when the lessor has paid the fee imposed in [subsection 2](#) on the leased vehicle prior to the lease.

(b) For purposes of this subparagraph:

(i) “*Affiliate*” means a lessor that directly or indirectly controls, is controlled with or by, or is under common control with the lessee.

(ii) “*Control*” or “*controlled*” means any of the following:

(A) In the case of a United States corporation, the ownership, directly or indirectly, of fifty percent or more of the voting power to elect directors.

(B) In the case of a foreign corporation, if the voting power to elect the directors is less than fifty percent, the maximum amount allowed by applicable law.

(C) In the case of an entity other than a corporation, fifty percent or more ownership interest in the entity, or the power to direct the management of the entity.

Sec. 2. [Section 423.3](#), Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 110. a. The sales price on the lease or rental of a motor vehicle between affiliates when the lessor or entity providing the motor vehicle for lease or rental has paid a fee imposed under [section 321.105A](#) on the motor vehicle leased or rented prior to such lease or rental to the affiliate.

b. For purposes of [this subsection](#):

(1) “*Affiliate*” means a lessor or entity providing the motor vehicle for rental that directly or indirectly controls, is controlled with or by, or is under common control with the lessee or renter.

(2) “*Control*” or “*controlled*” means any of the following:

(a) In the case of a United States corporation, the ownership, directly or indirectly, of fifty percent or more of the voting power to elect directors.

(b) In the case of a foreign corporation, if the voting power to elect the directors is less than fifty percent, the maximum amount allowed by applicable law.

(c) In the case of an entity other than a corporation, fifty percent or more ownership interest in the entity, or the power to direct the management of the entity.

Sec. 3. REFUNDS. Refunds of taxes, interest, or penalties which arise from the enactment of this Act, for leases or rentals occurring between January 1, 2015, and the effective date of this Act, shall not be allowed, notwithstanding any other provision of the law to the contrary.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 5. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2015, for leases or rentals occurring on or after that date.

Approved May 17, 2024