

Senate File 2396 - Reprinted

SENATE FILE 2396

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3115)

(As Amended and Passed by the Senate March 5, 2024)

A BILL FOR

1 An Act relating to state taxation by modifying lottery and
2 alcoholic beverages provisions under the purview of the
3 department of revenue, changing the taxation of lump sum
4 distributions of retirement income, increasing estimated tax
5 thresholds, making appropriations, and including effective
6 date and retroactive applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

DISCLOSURE OF TAX INFORMATION

Section 1. Section 421.19, subsection 2, Code 2024, is amended by striking the subsection and inserting in lieu thereof the following:

2. The department may notify federal, state, or local law enforcement agencies, and may disclose state returns, state return information, state investigative information or audit information, or any other state information, to such law enforcement agencies, if the department has information that indicates any of the following:

a. A person intentionally filed a false claim, affidavit, return, or other information with intent to evade tax or obtain a refund, credit, or other benefit from the department.

b. A person failed to file a return with intent to evade a tax or filing requirement.

c. A person failed to pay with the intent to evade tax.

d. A person committed any act or omission that is a criminal offense under a provision of this title administered by the department.

Sec. 2. Section 421.19, subsection 3, Code 2024, is amended to read as follows:

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

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

DIVISION II

ANNUAL REPORTING

Sec. 4. Section 421.60, subsection 2, paragraph k, Code 2024, is amended by striking the paragraph.

Sec. 5. Section 422.75, Code 2024, is amended to read as follows:

422.75 Statistics — publication.

1 The department shall prepare and publish an annual report
2 which shall include statistics reasonably available, with
3 respect to the operation of **this chapter**, including amounts
4 collected, classification of taxpayers, and such other facts
5 as are deemed pertinent and valuable. ~~The annual report shall~~
6 ~~also include the reports and information required pursuant to~~
7 ~~section 421.60, subsection 2, paragraph "k".~~

8 DIVISION III

9 PROPERTY TAX — EXTENSIONS

10 Sec. 6. Section 425.20, subsection 3, Code 2024, is amended
11 to read as follows:

12 3. In case of sickness, absence, or other disability of
13 the claimant or if, in the judgment of ~~the director of revenue~~
14 ~~or the director of health and human services, as applicable,~~
15 good cause exists and the claimant requests an extension, the
16 director of health and human services may extend the time for
17 filing a claim for reimbursement ~~and the director of revenue~~
18 ~~may extend the time for filing a claim for credit.~~ However,
19 any further time granted shall not extend beyond December 31
20 of the year following the year in which the claim was required
21 to be filed. Claims filed as a result of **this subsection** shall
22 be filed with the director of health and human services ~~or the~~
23 ~~director of revenue, as applicable,~~ who shall provide for the
24 reimbursement of the claim to the claimant.

25 DIVISION IV

26 FARM TENANCY INCOME TAX EXCLUSION

27 Sec. 7. Section 422.7, subsection 14, paragraph a, Code
28 2024, is amended to read as follows:

29 a. Subtract, to the extent included, net income received
30 by an eligible individual pursuant to a farm tenancy agreement
31 covering real property held by the eligible individual for
32 ten or more years, if the eligible individual materially
33 participated in a farming business for ten or more years in the
34 aggregate.

35 Sec. 8. Section 422.7, subsection 14, paragraph f, Code

1 2024, is amended by adding the following new subparagraph:

2 NEW SUBPARAGRAPH. (04) "Held" shall be determined with
3 reference to the holding period provisions of section 1223 of
4 the Internal Revenue Code and the federal regulations pursuant
5 thereto.

6 DIVISION V

7 PASS-THROUGH ENTITIES

8 Sec. 9. Section 422.25C, subsection 2, Code 2024, is amended
9 to read as follows:

10 2. For tax years beginning on or after January 1, 2020, any
11 adjustments to a partnership's or pass-through entity's items
12 of income, gain, loss, expense, or credit, or an adjustment to
13 such items allocated to a partner that holds an interest in a
14 partnership or pass-through entity for the reviewed year by
15 the department as a result of a state partnership audit, shall
16 be determined at the partnership level or pass-through entity
17 level in the same manner as provided by section 6221(a) of the
18 Internal Revenue Code and the regulations thereunder unless a
19 different treatment is specifically provided in [this title](#).
20 The provisions of sections 6222, 6223, and 6227 of the Internal
21 Revenue Code and the regulations thereunder shall also apply to
22 a partnership or pass-through entity and its direct or indirect
23 partners in the same manner as provided in such sections unless
24 a different treatment is specifically provided in [this title](#).
25 For purposes of applying such sections, due account shall be
26 made for differences in federal and Iowa terminology. The
27 adjustment provided by section 6221(a) of the Internal Revenue
28 Code shall be determined as provided in such section but shall
29 be based on Iowa taxable income or other tax attributes of
30 the partnership or pass-through entity as determined pursuant
31 to [this chapter](#) for the reviewed year. The department shall
32 issue a notice of adjustment to the partnership or pass-through
33 entity. Such notice shall be treated as an assessment for the
34 purposes of [section 422.25](#), and the notice shall be appealable,
35 except as provided in section 422.25, by the partnership or

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

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

18 Sec. 11. RETROACTIVE APPLICABILITY. This division of this
19 Act applies retroactively to January 1, 2024.

20 DIVISION VI

21 SALES TAX CHANGES

22 Sec. 12. Section 423.36, subsection 9, paragraph a, Code
23 2024, 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 of
32 more than ~~four~~ eight thousand dollars in tax under subchapters
33 II and III in a ~~semimonthly~~ monthly period and make deposits
34 and file returns pursuant to [section 423.31](#). This authority
35 shall not be granted or exercised except upon application to

1 the director and then only after issuance by the director of a
2 direct pay tax permit.

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DIVISION VII

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MOTOR FUEL TAXES

5 Sec. 13. Section 452A.3, subsection 1, paragraph b,
6 unnumbered paragraph 1, Code 2024, is amended to read as
7 follows:

8 On and after July 1, 2026, an excise tax of thirty cents is
9 imposed on each gallon of ethanol blended gasoline classified
10 as E-15 or higher. Before July 1, 2026, the rate of the
11 excise tax on ethanol blended gasoline classified as E-15 or
12 higher shall be based on the number of gallons of ethanol
13 blended gasoline classified as E-15 or higher that are
14 distributed in this state as expressed as a percentage of the
15 number of gallons of motor fuel distributed in this state,
16 which is referred to as the distribution percentage. For
17 purposes of this paragraph, only ethanol blended gasoline and
18 nonblended gasoline, not including aviation gasoline, shall
19 be used in determining the percentage basis for the excise
20 tax. The department shall determine the percentage basis
21 for each determination period beginning January 1 and ending
22 December 31 based on data from the reports filed pursuant to
23 section 452A.33. Before June 1, the department may amend the
24 distribution percentage due to a mistake, if there is a late
25 report filed by a retail dealer to the department under section
26 452A.33, subsection 1, or if the distribution percentage is
27 not accurate. The rate for the excise tax shall apply for the
28 period beginning July 1 and ending June 30 following the end
29 of the determination period. Before July 1, 2026, the rate
30 of the excise tax on each gallon of ethanol blended gasoline
31 classified as E-15 or higher shall be as follows:

32 Sec. 14. Section 452A.3, subsection 3, paragraph a,
33 subparagraph (2), unnumbered paragraph 1, Code 2024, is amended
34 to read as follows:

35 Except as otherwise provided in [this section](#) and in this

1 subchapter, this subparagraph shall apply to the excise tax
2 imposed on each gallon of biodiesel blended fuel classified
3 as B-11 or higher used for any purpose for the privilege of
4 operating motor vehicles in this state. On and after July 1,
5 2026, the rate of the excise tax on each gallon of biodiesel
6 blended fuel classified as B-11 or higher is thirty-two
7 and five-tenths cents. Before July 1, 2026, the rate of
8 the excise tax shall be based on the number of gallons of
9 biodiesel blended fuel classified as B-11 or higher that are
10 distributed in this state as expressed as a percentage of
11 the number of gallons of special fuel for diesel engines of
12 motor vehicles distributed in this state, which is referred
13 to as the distribution percentage. The department shall
14 determine the percentage basis for each determination period
15 beginning January 1 and ending December 31 based on data from
16 the reports filed pursuant to [section 452A.33](#). Before June
17 1, the department may amend the distribution percentage due
18 to a mistake, if there is a late report filed by a retail
19 dealer to the department under section 452A.33, subsection 1,
20 or the distribution percentage is not accurate. The rate of
21 the excise tax shall apply for the period beginning July 1 and
22 ending June 30 following the end of the determination period.
23 Before July 1, 2026, the rate of the excise tax on each gallon
24 of biodiesel blended fuel classified as B-11 or higher shall
25 be as follows:

26 Sec. 15. Section 452A.15, subsection 5, Code 2024, is
27 amended to read as follows:

28 5. The director may impose a civil penalty against any
29 person who fails to timely file the reports or keep the records
30 required under [this section](#). The penalty shall be one hundred
31 dollars for the first violation and shall increase by one
32 hundred dollars for each additional violation occurring in the
33 calendar year in which the first violation occurred.

34 Sec. 16. Section 452A.33, subsection 2, unnumbered
35 paragraph 1, Code 2024, is amended to read as follows:

1 On or before April 1 the department shall deliver a report
2 to the governor and the legislative services agency. Before
3 June 1, the department may amend the report due to a mistake,
4 if there is a late report by a retail dealer under subsection
5 1, or if the report is not accurate. The report shall compile
6 information reported by retail dealers to the department as
7 provided in [this section](#) and shall at least include all of the
8 following:

9 Sec. 17. Section 452A.41, subsection 5, paragraph a, Code
10 2024, is amended to read as follows:

11 a. For the purpose of determining the amount of liability
12 for the electric fuel tax, each dealer and user shall file with
13 the department not later than July 31 for the period beginning
14 January 1 and ending June 30, and not later than January ~~30~~
15 31 for the period beginning July 1 and ending December ~~30~~ 31,
16 a biannual tax return certified under penalties for false
17 certification. The return shall show, with reference to each
18 location at which fuel is delivered or placed by the dealer or
19 user into the battery or other energy storage device of any
20 electric motor vehicle during the next preceding six calendar
21 months, information as required by the department. On and
22 after January 1, 2026, the department may require by rule that
23 such tax returns be filed quarterly.

24 Sec. 18. Section 452A.44, Code 2024, is amended by adding
25 the following new subsection:

26 NEW SUBSECTION. 4. If electric fuel is sold or dispensed
27 for a nontaxable purpose, the purchaser may complete and
28 provide an exemption certificate produced by the department to
29 the license holder.

30 DIVISION VIII

31 VETERANS TRUST FUND AND LOTTERY

32 Sec. 19. Section 99G.3, Code 2024, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 17A. "*Setoff program*" means the program
35 administered pursuant to section 421.65.

1 Sec. 20. Section 99G.7, subsection 1, paragraph e, Code
2 2024, is amended by striking the paragraph.

3 Sec. 21. Section 99G.39, subsection 3, Code 2024, is amended
4 to read as follows:

5 3. Two million five hundred thousand dollars in lottery
6 revenues shall be transferred each fiscal year to the veterans
7 trust fund established pursuant to [section 35A.13](#) prior to
8 deposit of the lottery revenues in the general fund pursuant
9 to [section 99G.40](#). However, if the balance of the veterans
10 trust fund is fifty million dollars or more on both July 1 of
11 the current fiscal year and July 1 of the preceding fiscal
12 year, the moneys shall be appropriated to the department for
13 distribution to county directors of veteran affairs, with fifty
14 percent of the moneys to be distributed equally to each county
15 and fifty percent of the moneys to be distributed to each
16 county based upon the population of veterans in the county,
17 so long as the moneys distributed to a county do not supplant
18 moneys appropriated by that county for the county director of
19 veteran affairs.

20 Sec. 22. Section 99G.41, subsections 1, 2, 3, and 4, Code
21 2024, are amended to read as follows:

22 1. ~~Any claimant agency may submit to the department a~~
23 ~~list of the names of all persons indebted to such claimant~~
24 ~~agency or to persons on whose behalf the claimant agency is~~
25 ~~acting. The A lottery prize payment awarded as cash or cash~~
26 ~~equivalents is subject to the setoff program. Additionally, a~~
27 ~~debtor and the full amount of the debt shall be compiled in a~~
28 ~~list, and collectible from any lottery winnings prize payment~~
29 ~~awarded as cash or cash equivalents due the debtor without~~
30 regard to limitations on the amounts that may be collectible in
31 increments through garnishment or other proceedings. Such list
32 shall constitute a valid lien upon and claim of lien against
33 the lottery ~~winnings~~ prize payment of any debtor named in such
34 list. The list shall contain the names of the debtors, their
35 social security numbers if available, and any other information

1 that assists the department in identifying the debtors named in
2 the list. The list shall be treated the same as setoff program
3 information under section 421.65, subsection 2, paragraph "a".

4 2. The department is authorized and directed to withhold
5 any winnings paid out directly by the department subject to the
6 lien created by this section, and send notice to the winner or
7 send notice as directed by the setoff program. However, if the
8 winner appears and claims winnings in person, the department
9 shall notify the winner at that time by hand delivery of such
10 action. The department shall pay the funds ~~over to the agency~~
11 ~~administering the offset~~ to the setoff program.

12 3. Notwithstanding the provisions of section 99G.34 which
13 prohibit disclosure by the department of certain portions
14 of the contents of prize winner records or information,
15 and notwithstanding any other confidentiality statute,
16 the department may provide to ~~a claimant agency~~ the setoff
17 program and public agency, as defined in section 421.65, all
18 information necessary to accomplish and effectuate the intent
19 of this section.

20 4. The information obtained by ~~a claimant agency~~ from the
21 department in accordance with this section shall retain its
22 confidentiality and shall only be used by a claimant agency
23 in the pursuit of its debt collection duties and practices.
24 Any employee or prior employee of any claimant agency who
25 unlawfully discloses any such information for any other
26 purpose, except as otherwise specifically authorized by law,
27 shall be subject to the same penalties specified by law for
28 unauthorized disclosure of confidential information by an agent
29 or employee of the department under this chapter.

30 DIVISION IX

31 ALCOHOLIC BEVERAGES

32 Sec. 23. Section 123.3, Code 2024, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 36A. *"Operating still"* means a still that
35 is registered with the federal alcohol and tobacco tax and

1 trade bureau of the United States department of the treasury
2 and is actively used to manufacture spirits.

3 Sec. 24. Section 123.30, subsection 4, Code 2024, is amended
4 to read as follows:

5 4. Notwithstanding any provision of **this chapter** to the
6 contrary, a person holding a retail alcohol license to sell
7 alcoholic beverages for consumption on the licensed premises
8 may permit a customer to remove one unsealed bottle of wine
9 for consumption off the premises if the customer has purchased
10 and consumed a portion of the bottle of wine on the licensed
11 premises. The licensee or the licensee's agent shall securely
12 reseal such bottle in a bag designed so that it is visibly
13 apparent that the resealed bottle of wine has not been tampered
14 with and provide a dated receipt for the resealed bottle of
15 wine to the customer. A wine bottle resealed pursuant to the
16 requirements of **this subsection** is subject to the requirements
17 of **sections 321.284 and 321.284A**. ~~A person holding a retail
18 alcohol license to sell alcoholic beverages for consumption on
19 the licensed premises may permit a customer to carry an open
20 container of wine from the person's licensed premises into
21 another immediately adjacent licensed premises that is covered
22 by a license or permit that authorizes the consumption of wine,
23 a temporarily closed public right-of-way, or a private place.~~

24 Sec. 25. Section 123.30, Code 2024, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 5. A person holding a retail alcohol
27 license to sell alcoholic beverages for consumption on the
28 licensed premises may permit a customer to carry an open
29 container of wine or beer from the person's licensed premises
30 to one of the following immediately adjacent locations:

- 31 a. Another licensed premises that authorizes the consumption
32 of beer or wine.
33 b. A temporarily closed public right-of-way.
34 c. A private place.

35 Sec. 26. Section 123.43A, subsection 6, Code 2024, is

1 amended to read as follows:

2 6. Notwithstanding any provision of [this chapter](#) to the
3 contrary or the fact that a person is the holder of a class
4 "A" native distilled spirits license, a native distillery may
5 be granted a class "C" retail alcohol license as defined in
6 section 123.30 for the same premises licensed under a class "A"
7 native distilled spirits license where the manufacturing of
8 native distilled spirits occurs. A native distillery may be
9 granted not more than two class "C" retail alcohol licenses.
10 A ~~manufacturer of native distilled spirits distillery~~ may be
11 issued a class "C" retail alcohol license regardless of whether
12 the manufacturer is also a manufacturer of beer pursuant to a
13 class "A" beer permit or a manufacturer of native wine pursuant
14 to a class "A" wine permit.

15 Sec. 27. Section 123.45, subsection 3, Code 2024, is amended
16 to read as follows:

17 3. A person engaged in the wholesaling of beer or wine
18 may sell only disposable glassware, which is constructed of
19 paper, paper laminated, or plastic materials and designed
20 primarily for personal consumption on a one-time usage
21 basis, to retailers for use within the premises of licensed
22 establishments, for an amount which is greater than or equal
23 to an amount which represents the greater of either the amount
24 paid for the disposable glassware by the supplier or the amount
25 paid for the disposable glassware by the wholesaler. Also,
26 notwithstanding any other provision of [this chapter](#) or the
27 fact that a person is the holder of a class "A" beer permit,
28 a native brewery may be granted ~~not more than two~~ a class "C"
29 retail alcohol ~~licenses~~ license or ~~not more than two~~ a special
30 class "C" retail alcohol ~~licenses~~ license, both as defined in
31 section 123.30, for the same premises licensed under a class
32 "A" beer permit where the manufacturing of beer occurs. A
33 native brewery may be granted not more than two class "C"
34 retail alcohol licenses or two special class "C" retail alcohol
35 licenses. A native brewery may be issued a class "C" retail

1 alcohol license or a special class "C" retail alcohol license,
2 regardless of whether that person is also a manufacturer
3 of native distilled spirits pursuant to a class "A" native
4 distilled spirits license or a manufacturer of native wine
5 pursuant to a class "A" wine permit.

6 Sec. 28. Section 123.176, subsection 5, Code 2024, is
7 amended to read as follows:

8 5. Notwithstanding any other provision of this chapter
9 or the fact that a person is the holder of a class "A" wine
10 permit, a person engaged in the business of manufacturing
11 native wine may be granted a class "C" retail alcohol license
12 or special class "C" retail native wine license as defined in
13 section 123.30, for the same premises licensed under a class
14 "A" wine permit where the manufacturing of native wine occurs.

15 A manufacturer of native wine may be granted not more than
16 two class "C" retail alcohol licenses or special class "C"
17 retail native wine licenses. A manufacturer of native wine
18 may be issued a class "C" retail alcohol license or special
19 class "C" retail native wine license regardless of whether the
20 manufacturer is also a manufacturer of beer pursuant to a class
21 "A" beer permit or a manufacturer of native distilled spirits
22 pursuant to a class "A" native distilled spirits license.

23 DIVISION X

24 INHERITANCE TAX — FUTURE CODE CHANGES DUE TO REPEAL

25 Sec. 29. Section 12D.9, subsection 3, Code 2024, is amended
26 to read as follows:

27 3. State For a death occurring before January 1, 2025, state
28 inheritance tax treatment of interests in Iowa educational
29 savings plans shall be as provided in section 450.4, subsection
30 8. **This subsection** shall apply to all Iowa educational savings
31 plans existing on or after July 1, 1998.

32 Sec. 30. Section 12I.8, subsection 3, Code 2024, is amended
33 to read as follows:

34 3. State For a death occurring before January 1, 2025, state
35 inheritance tax treatment of interests in Iowa ABLE savings

1 plans shall be as provided in [section 450.4, subsection 9](#).

2 Sec. 31. Section 12I.10, subsection 3, Code 2024, is amended
3 to read as follows:

4 3. ~~State~~ For a death occurring before January 1, 2025, state
5 inheritance tax treatment of interests in the qualified ABLE
6 program with which the state has contracted pursuant to this
7 section shall be as provided in [section 450.4, subsection 9](#).

8 Sec. 32. Section 16.177, subsection 8, Code 2024, is amended
9 to read as follows:

10 8. Bonds issued under [this section](#) are declared to be issued
11 for an essential public and governmental purpose and all bonds
12 issued under [this section](#) shall be exempt from taxation by the
13 state of Iowa and the interest on the bonds shall be exempt
14 from the state income tax and ~~the~~ any state inheritance tax.

15 Sec. 33. Section 321.47, subsection 2, paragraph a, Code
16 2024, is amended to read as follows:

17 a. The persons entitled under the laws of descent and
18 distribution to the possession and ownership of a vehicle owned
19 in whole or in part by a decedent who died intestate, upon
20 filing an affidavit stating the name and date of death of the
21 decedent, the right to possession and ownership of the persons
22 filing the affidavit, and that there has been no administration
23 of the decedent's estate, which instrument must also contain
24 an agreement by the affiant to indemnify creditors of the
25 decedent who would be entitled to levy execution upon the motor
26 vehicle to the extent of the value of the motor vehicle, shall,
27 upon complying with the other title transfer requirements of
28 this chapter, be issued a registration card for the decedent's
29 interest in the vehicle and a certificate of title to the
30 vehicle. If a decedent died testate, and either the will is
31 not probated or is admitted to probate without administration,
32 the persons entitled to the possession and ownership of
33 a vehicle owned in whole or in part by the decedent may
34 file an affidavit and, upon complying with the other title
35 transfer requirements of [this chapter](#), shall be issued a

1 registration card for the decedent's interest in the vehicle
2 and a certificate of title to the vehicle. The affidavit
3 must contain the same information and indemnity agreement
4 as is required in cases of intestacy under [this subsection](#).
5 ~~Chapter 450 is not~~ For a death occurring before January 1,
6 2025, a requirement of chapter 450 shall not be considered
7 satisfied by the filing of the affidavit provided for in this
8 subsection. If, from the records in the office of the county
9 treasurer, there appear to be any liens on the vehicle, the
10 certificate of title must contain a statement of the liens
11 unless the application is accompanied by proper evidence of
12 the satisfaction or extinction of such liens. Evidence of
13 extinction includes but is not limited to an affidavit of the
14 applicant stating that a security interest was foreclosed as
15 provided in [chapter 554, article 9, part 6](#). The department
16 shall waive the certificate of title fee and surcharge required
17 under [sections 321.20, 321.20A, 321.23, 321.46, 321.52, and](#)
18 [321.52A](#) if the person entitled to possession and ownership of
19 a vehicle, as provided in [this subsection](#), is the surviving
20 spouse of a decedent.

21 Sec. 34. Section 331.602, subsection 23, Code 2024, is
22 amended to read as follows:

23 ~~23. Forward~~ For deaths occurring before January 1, 2025,
24 forward to the director of revenue a copy of any deed, bill of
25 sale, or other transfer which shows that it is made or intended
26 to take effect at or after the death of the person executing
27 the instrument as provided in [section 450.81](#).

28 Sec. 35. Section 331.756, subsection 57, Code 2024, is
29 amended to read as follows:

30 ~~57. Represent~~ For a death occurring before January 1, 2025,
31 represent the state in litigation relating to the inheritance
32 tax if requested by the department of revenue as provided in
33 section 450.1.

34 Sec. 36. Section 421.27, subsection 1, paragraph d,
35 subparagraph (13), Code 2024, is amended to read as follows:

1 (13) ~~That~~ For a death occurring before January 1, 2025,
2 that an Iowa inheritance tax return is filed for an estate
3 within the later of nine months from the date of death or sixty
4 days from the filing of a disclaimer by the beneficiary of the
5 estate refusing to take the property or right or interest in
6 the property.

7 Sec. 37. Section 421.60, subsection 2, paragraph c,
8 subparagraph (1), Code 2024, is amended to read as follows:

9 (1) If the notice of assessment or denial of a claim for
10 refund relates to a tax return filed pursuant to section
11 422.14, or pursuant to chapter 450 for a death occurring before
12 January 1, 2025, by the taxpayer which designates an individual
13 as an authorized representative of the taxpayer with respect to
14 that return, or if a power of attorney has been filed with the
15 department by the taxpayer which designates an individual as
16 an authorized representative of the taxpayer with respect to
17 any tax that is included in the notice of assessment or denial
18 of a claim for refund, a copy of the notice together with any
19 additional information required to be sent to the taxpayer
20 shall be sent to the authorized representative as well.

21 Sec. 38. Section 422.27, subsection 1, Code 2024, is amended
22 to read as follows:

23 1. A final account of a personal representative, ~~as defined~~
24 ~~in section 450.1,~~ shall not be allowed by any court unless the
25 account shows, and the judge of the court finds, that all taxes
26 imposed by this subchapter upon the personal representative,
27 which have become payable, have been paid, and that all taxes
28 which may become due are secured by bond or deposit, or are
29 otherwise secured. The certificate of acquittances of the
30 department of revenue is conclusive as to the payment of the
31 tax to the extent of the acquittance. This subsection does
32 not apply if all property in the estate of a decedent is
33 held in joint tenancy with right of survivorship by husband
34 and wife alone. For purposes of this subsection, "personal
35 representative" means an administrator, executor, or trustee as

1 each is defined in section 633.3.

2 Sec. 39. Section 455G.6, subsection 14, Code 2024, is
3 amended to read as follows:

4 14. Bonds issued under the provisions of this section are
5 declared to be issued for an essential public and governmental
6 purpose and all bonds issued under this subchapter shall be
7 exempt from taxation by the state of Iowa and the interest on
8 the bonds shall be exempt from the state income tax and the any
9 state inheritance tax.

10 Sec. 40. Section 496C.14, subsection 6, paragraph h, Code
11 2024, is amended to read as follows:

12 *h.* Notwithstanding the provisions of this section,
13 payment of any part of the purchase price for shares of a
14 deceased shareholder shall not be required until the executor
15 or administrator of the deceased shareholder provides
16 any indemnity, release, or other document from any taxing
17 authority, which is reasonably necessary to protect the
18 corporation against liability for any estate, inheritance, and
19 death taxes tax, or any inheritance tax for a death occurring
20 before January 1, 2025.

21 Sec. 41. Section 524.805, subsection 8, Code 2024, is
22 amended to read as follows:

23 8. A state bank may receive deposits from one or more
24 persons with the provision that upon the death of the
25 depositors the deposit account shall be the property of the
26 person or persons designated by the deceased depositors as
27 shown on the deposit account records of the state bank. After
28 payment by the state bank, the proceeds shall remain subject
29 to ~~the any~~ debts of the decedent and the any payment of Iowa
30 inheritance tax, ~~if any~~ for a death occurring prior to January
31 1, 2025. A state bank paying the person or persons designated
32 shall not be liable as a result of that action for any debts
33 of the decedent or for any estate, inheritance, or succession
34 taxes which may be due this state.

35 Sec. 42. Section 541A.2, subsection 6, unnumbered paragraph

1 1, Code 2024, is amended to read as follows:

2 An individual development account closed in accordance
3 with **this subsection** is not subject to the limitations and
4 benefits provided by **this chapter** but is subject to state tax
5 in accordance with the provisions of section 422.7, subsection
6 17, and in accordance with the provisions of section 450.4,
7 subsection 6, for a death occurring before January 1, 2025. An
8 individual development account may be closed for any of the
9 following reasons:

10 Sec. 43. Section 602.8102, subsection 63, Code 2024, is
11 amended to read as follows:

12 63. Carry out duties relating to the inheritance tax as
13 provided in **chapter 450** for deaths occurring before January 1,
14 2025.

15 Sec. 44. Section 633.21, Code 2024, is amended to read as
16 follows:

17 **633.21 Appraisers' fees and referees' fees fixed by rule.**

18 The district judges of each judicial district shall by rule
19 fix the fees of probate referees, and also provide, insofar as
20 practicable, a uniform schedule of compensation for inheritance
21 tax appraisers, other appraisers, brokers, and agents employed
22 at estate expense.

23 Sec. 45. Section 633.31, subsection 2, paragraph a, Code
24 2024, is amended to read as follows:

25 a. For services performed in short form probates
26 pursuant to **sections 450.22 and 450.44** for deaths occurring
27 before January 1, 2025.....\$ 15.00

28 Sec. 46. Section 633.356, subsection 1, unnumbered
29 paragraph 1, Code 2024, is amended to read as follows:

30 When the gross value of the decedent's personal property
31 that would otherwise be distributed by will or intestate
32 succession is or has been, at any time since the decedent's
33 death, fifty thousand dollars or less and there is no real
34 property, or for deaths occurring before January 1, 2025, the
35 real property passes to persons exempt from inheritance tax

1 as joint tenants with full rights of survivorship pursuant to
2 chapter 450, and if forty days have elapsed since the death of
3 the decedent, a successor as defined in subsection 2 may, by
4 furnishing an affidavit prepared pursuant to subsection 3 or
5 8, and without procuring letters of appointment, do any of the
6 following with respect to one or more items of such personal
7 property:

8 Sec. 47. Section 633.356, subsection 3, paragraph a,
9 subparagraph (3), Code 2024, is amended to read as follows:

10 (3) That the gross value of the decedent's personal property
11 that would otherwise be distributed by will or intestate
12 succession is, or has been at any time since the decedent's
13 death, fifty thousand dollars or less and there is no real
14 property, or for deaths occurring before January 1, 2025, the
15 real property passes to persons exempt from inheritance tax
16 as joint tenants with full rights of survivorship pursuant to
17 chapter 450.

18 Sec. 48. Section 633.356, subsection 3, paragraph a,
19 subparagraph (10), Code 2024, is amended to read as follows:

20 (10) That no inheritance or other taxes are owed to the
21 department of revenue for a death occurring prior to January 1,
22 2025, or if taxes are owed, that the taxes will be paid to the
23 extent of funds received pursuant to the affidavit.

24 Sec. 49. Section 633.356, subsection 9, Code 2024, is
25 amended to read as follows:

26 9. Upon receipt of an affidavit under subsection 3 and
27 reasonable proof under subsection 5 of the identity of each
28 successor seeking distribution by virtue of the affidavit,
29 the holder of the property shall disclose to the affiant
30 whether the value of the property held by the holder is, or has
31 been at any time since the decedent's death, fifty thousand
32 dollars or less. An affidavit furnished for the purpose of
33 determining whether the value of the property is, or has
34 been at any time since the decedent's death, fifty thousand
35 dollars or less need not contain the language required under

1 subsection 3, paragraph "a", subparagraph (3), but shall state
2 that the affiant reasonably believes that the gross value
3 of the decedent's personal property that would otherwise be
4 distributed by will or intestate succession is, or has been at
5 any time since the decedent's death, fifty thousand dollars
6 or less and there is no real property or for deaths occurring
7 before January 1, 2025, the real property passes to persons
8 exempt from inheritance tax as joint tenants with full rights
9 of survivorship pursuant to chapter 450.

10 Sec. 50. Section 633.361, subsection 12, Code 2024, is
11 amended to read as follows:

12 12. A listing of all other items, with estimated values,
13 which are subject to ~~Iowa~~ inheritance tax for deaths occurring
14 before January 1, 2025, or federal estate tax.

15 Sec. 51. Section 633.365, Code 2024, is amended to read as
16 follows:

17 **633.365 Appraisement.**

18 Property belonging to the estate need not be appraised
19 unless required for inheritance tax purposes for deaths
20 occurring before January 1, 2025, under the provisions of this
21 probate code, or by order of court.

22 Sec. 52. Section 633.399, Code 2024, is amended to read as
23 follows:

24 **633.399 Report for approval.**

25 After making any such sale, mortgage, exchange or lease
26 of real property, the personal representative shall make
27 a verified report thereof to the court. The court shall
28 examine said report, and if satisfied that the sale, mortgage,
29 exchange, or lease has been at a price and upon terms
30 advantageous to the estate, and, in all respects, made in
31 conformity with law, and that it ought to be confirmed, shall
32 confirm the same and order the personal representative to
33 deliver a deed, mortgage, lease or other proper instruments
34 to the persons entitled thereto; provided, however, that in
35 the event said real property has been sold at private sale

1 without an appraisal for inheritance tax purposes for a death
2 occurring before January 1, 2025, or for purpose of such sale,
3 or, if it has been so appraised and has been sold at private
4 sale for less than the appraised value thereof, then, upon the
5 filing of such report, the court may enter an order fixing a
6 time and place for hearing thereon and prescribe a notice of
7 such hearing to be served upon all interested persons, any one
8 of whom, prior to the time fixed for such hearing, may file
9 written objections to the entry of an order approving said
10 sale. If not satisfied that the sale, mortgage, exchange, or
11 lease has been made in conformity with law and that it is to the
12 best interests of the estate, the court may reject the sale,
13 mortgage, exchange, or lease, and enter such orders as the
14 court may deem advisable.

15 Sec. 53. Section 633.477, subsection 10, Code 2024, is
16 amended to read as follows:

17 10. A statement as to whether or not all statutory
18 requirements pertaining to taxes have been complied with
19 including whether the federal estate tax due has been paid,
20 whether a lien continues to exist for any federal estate tax,
21 and whether inheritance tax was paid or a return was filed in
22 this state for a death occurring before January 1, 2025.

23 Sec. 54. Section 633.479, subsection 2, paragraph a,
24 subparagraph (5), Code 2024, is amended to read as follows:

25 (5) Compliance with sections section 422.27, and section
26 450.58 for deaths occurring before January 1, 2025, have been
27 fulfilled.

28 Sec. 55. Section 633.481, Code 2024, is amended to read as
29 follows:

30 **633.481 Certificate to county recorder for tax purposes**
31 **without administration.**

32 When an inventory or report is filed under section 450.22 for
33 deaths occurring before January 1, 2025, without administration
34 of the estate of the decedent, the heir or heir's attorney
35 shall prepare and deliver to the county recorder of the county

1 in which the real estate is situated a certificate pertaining
2 to each parcel of real estate described in the inventory or
3 report. Any fees for certificates or recording fees required
4 by [this section](#) or [section 633.480](#) shall be assessed as costs
5 of administration. The fees for recording and indexing the
6 instrument shall be as provided in [section 331.604](#). The county
7 recorder shall deliver the certificates to the county auditor
8 as provided in [section 558.58](#).

9 Sec. 56. Section 635.7, subsection 1, Code 2024, is amended
10 to read as follows:

11 1. The personal representative is required to file the
12 report and inventory for which provision is made in section
13 633.361, including all probate and nonprobate assets. This
14 chapter does not exempt the personal representative from
15 complying with the requirements of [section 422.27](#), ~~[450.22](#)~~,
16 ~~[450.58](#)~~, [633.480](#), or [633.481](#), and the administration of an
17 estate whether converted to or from a small estate shall be
18 considered one proceeding pursuant to [section 633.330](#). For
19 a death occurring before January 1, 2025, this chapter does
20 not exempt the personal representative from complying with the
21 requirements of section 450.22 or 450.58.

22 Sec. 57. Section 635.8, subsection 1, paragraph e, Code
23 2024, is amended to read as follows:

24 e. A statement that all statutory requirements pertaining to
25 taxes have been complied with, including whether federal estate
26 tax due has been paid, whether a lien continues to exist for
27 any federal estate tax, and whether inheritance tax was paid
28 or a tax return was filed in this state for a death occurring
29 before January 1, 2025.

30 Sec. 58. Section 654.16, subsection 2, Code 2024, is amended
31 to read as follows:

32 2. If a homestead is designated, the court shall determine
33 the fair market value of the designated homestead before
34 the sheriff's sale. The court may consult with the county
35 appraisers appointed pursuant to section 450.24 for deaths

1 occurring before January 1, 2025, or with one or more
2 independent appraisers, to determine the fair market value of
3 the designated homestead.

4 Sec. 59. EFFECTIVE DATE. This division of this Act takes
5 effect January 1, 2025.

6 Sec. 60. APPLICABILITY. This division of this Act applies
7 to the estates of decedents dying on or after January 1, 2025.

8 DIVISION XI

9 LUMP SUM DISTRIBUTION OF RETIREMENT INCOME

10 Sec. 61. Section 422.5, subsection 8, Code 2024, is amended
11 to read as follows:

12 8. a. In addition to the other taxes imposed by this
13 section, a tax is imposed, except under paragraph "b", on the
14 amount of a lump sum distribution for which the taxpayer has
15 elected under section 402(e) of the Internal Revenue Code to
16 be separately taxed for federal income tax purposes for the
17 tax year. The rate of tax is equal to twenty-five percent of
18 the separate federal tax imposed on the amount of the lump
19 sum distribution. A nonresident is liable for this tax only
20 on that portion of the lump sum distribution allocable to
21 Iowa. The total amount of the lump sum distribution subject
22 to separate federal tax shall be included in net income for
23 purposes of determining eligibility under subsections 2 and 3,
24 as applicable, except the amount of the lump sum distribution
25 exempt from state tax in paragraph "b" shall not be included.

26 b. The amount of a lump sum distribution that is received
27 from a governmental or other pension or retirement plan,
28 including defined benefit or defined contribution plans,
29 annuities, individual retirement accounts, plans maintained or
30 contributed to by an employer, or maintained or contributed
31 to by a self-employed person as an employer, and deferred
32 compensation plans or any earnings attributable to the deferred
33 compensation plans is exempt from state tax imposed under
34 paragraph "a" if received by a person who is disabled, or is
35 fifty-five years of age or older, or is the surviving spouse of

1 an individual or is a survivor having an insurable interest in
2 an individual who would have qualified for the exemption under
3 this subsection for the tax year.

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

6 Sec. 63. RETROACTIVE APPLICABILITY. This division of this
7 Act applies retroactively to January 1, 2024, for tax years
8 beginning on or after that date.

9 DIVISION XII

10 ESTIMATED TAX THRESHOLD

11 Sec. 64. Section 422.16, subsection 12, paragraph a,
12 subparagraph (1), Code 2024, is amended to read as follows:

13 (1) Taxpayers filing a return shall make estimated tax
14 payments if their Iowa income tax liability can reasonably be
15 expected to amount to ~~two hundred~~ one thousand dollars or more
16 for the year.

17 Sec. 65. EFFECTIVE DATE. This division of this Act takes
18 effect January 1, 2025.

19 Sec. 66. APPLICABILITY. This division of this Act applies
20 to tax years beginning on or after January 1, 2025.