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HSB 721

WAYS AND MEANS

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HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the administration of the tax and related laws
2 by the department of revenue and finance, including
3 administration of state individual income, corporate income,
4 sales and use, property, motor fuel, special fuel, and
5 inheritance taxes and including effective and retroactive
6 applicability date provisions.

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

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1 Section 1. NEW SECTION. 421.17B ADMINISTRATIVE WAGE
2 ASSIGNMENT COOPERATIVE AGREEMENT.

3 1. DEFINITIONS. As used in this section, unless the
4 context otherwise requires:

5 a. "Employer" means any person or entity that pays an
6 obligor to do a specific task. "Employer" only includes such
7 a person or entity in an employer-employee relationship and
8 does not include an obligor acting as a contractor,
9 distributor, agent, or in any representative capacity in which
10 the obligor receives any form of consideration.

11 b. "Employment" means the performance of personal services
12 for another. "Employment" only includes parties in an
13 employer-employee relationship and does not include one acting
14 as a self-employer, contractor, distributor, agent, or in any
15 representative capacity.

16 c. "Facility" means the centralized debt collection
17 facility of the department of revenue and finance established
18 pursuant to section 421.17, subsection 34.

19 d. "Obligor" means a person who is indebted to the state
20 or a state agency for any delinquent accounts, charges, fees,
21 loans, taxes, or other indebtedness due the state or
22 indebtedness being collected by the state.

23 e. "Wage" means any form of compensation due to an
24 obligor. "Wage" includes, but is not limited to, wages,
25 salary, bonus, commission, or other payment directly or
26 indirectly related to employment. If a wage is assigned to
27 the facility, wage only includes a payment in the form of
28 money.

29 2. PURPOSE AND USE.

30 a. Notwithstanding other statutory provisions which
31 provide for the execution, attachment, garnishment, or levy
32 against accounts, the facility may utilize the process
33 established in this section to collect delinquent accounts,
34 charges, fees, loans, taxes, or other indebtedness due the
35 facility or being collected by the facility provided all

1 administrative remedies have been waived or exhausted by the
2 obligor. Any exemptions or exceptions which specifically
3 apply to enforcement of such obligations also apply to this
4 section.

5 Administrative wage assignment under this section is the
6 equivalent of condemning funds under chapter 642.

7 The administrative wage assignment is to be considered an
8 additional means of collection by the facility and not an
9 exclusive means of collection. If the use of an
10 administrative wage assignment is not successful in collecting
11 an outstanding debt due the facility, the facility may use the
12 collection provisions set forth in chapters 626 and 642.

13 b. An obligor is subject to this section if the obligor's
14 debt is being collected by the facility.

15 c. Any amount forwarded to the facility by an employer
16 under this section shall not exceed the delinquent or accrued
17 amount of the obligor's debt being collected by the facility.

18 3. NOTICE TO THE OBLIGOR.

19 a. The facility may proceed under this section only if a
20 ten-day notice has been provided to the obligor. Notice by
21 the facility may be by regular mail to the last known address
22 of the obligor, notifying the obligor that the obligor is
23 subject to this section. If the facility determines that
24 collection of the debt may be in jeopardy, the facility may
25 request that the employer deliver notice of the wage
26 assignment simultaneous with the remainder of or in lieu of
27 the obligor's compensation due from the employer.

28 The facility may obtain one or more wage assignments of an
29 obligor who is subject to this section. If the obligor has
30 more than one employer, the facility may receive wage
31 assignments from one or all of the employers until the full
32 debt obligation of the obligor is satisfied. If an obligor
33 has more than one employer, the facility shall give notice to
34 all employers that the facility seeks to have an assignment of
35 wages.

1 b. The notice from the facility to the obligor shall
2 contain all of the following:

3 (1) The name and social security number of the obligor.

4 (2) A statement that the obligor is believed to have
5 employment with the stated employer.

6 (3) A statement that pursuant to the provisions of this
7 section, the obligor's wages will be assigned to the facility
8 for payment of the specified debts and that the employer is
9 authorized and required to forward moneys to the facility.

10 (4) The maximum amount to be forwarded by the employer,
11 which shall not exceed the delinquent or accrued amount of
12 debt being collected by or owed to the facility by the
13 obligor.

14 (5) The prescribed time frames the employer must meet in
15 forwarding any amounts.

16 (6) A statement that any challenge to the action must be
17 in writing and must be received by the facility within ten
18 days of the date of the notice to the obligor.

19 (7) The address of the facility and the account number
20 utilized by the facility for the obligor.

21 (8) A telephone number, address, and contact name of the
22 facility initiating the action.

23 4. VERIFICATION OF EMPLOYMENT AND IMMUNITY FROM LIABILITY.

24 a. The facility may contact an employer to obtain
25 verification of employment, and any specific information from
26 the employer that the facility needs to initiate, effectuate,
27 or maintain collection of the obligation. Contact with an
28 employer may be by telephone, fax, or by written
29 communication. The employer may require proof of authority
30 from the person from the facility and the telephone number of
31 the authorized person from the facility before releasing an
32 obligor's employment information by telephone.

33 b. The employer is immune from any civil or criminal
34 liability for information released by the employer to the
35 facility pursuant to this section.

1 5. COSTS. The facility is not liable for any costs
2 incurred or imposed for initiating, effectuating, or
3 maintaining an administrative wage assignment under this
4 section. Such costs will be the sole responsibility of the
5 obligor and will be added to the amount to be collected by the
6 facility.

7 6. ADMINISTRATIVE WAGE ASSIGNMENT -- NOTICE TO THE
8 EMPLOYER.

9 a. If an obligor is subject to this section, the facility
10 may initiate an administrative wage assignment to have
11 compensation due the obligor to be assigned by the employer to
12 the facility up to the amount of the full debt to be collected
13 by the facility.

14 b. The facility shall send a notice to the employer within
15 fourteen days of sending notice of the wage assignment to the
16 obligor. The notice shall inform the employer of the amount
17 to be assigned to the facility from each wage, salary, or
18 payment period that is due the obligor. The facility may
19 receive assignment of up to one hundred percent of the
20 obligor's disposable income, salary, or payment for any given
21 period until the full obligation to the facility is paid in
22 full.

23 c. The notice to the employer shall contain all of the
24 following:

25 (1) The name and social security number of the obligor.

26 (2) A statement that the obligor is believed to be
27 employed by the employer.

28 (3) A statement that pursuant to the provisions of this
29 section, the obligor's wages are subject to assignment and the
30 employer is authorized and required to forward moneys to the
31 facility.

32 (4) The maximum amount that shall be forwarded by the
33 employer, which shall not exceed the delinquent or accrued
34 amount of debt being collected by or owed to the facility by
35 the obligor.

1 (5) The prescribed time frame the employer must meet in
2 forwarding any amounts.

3 (6) The address of the facility and the account number
4 utilized by the facility for the obligor.

5 (7) A telephone number, address, and name of a contact
6 person with the facility.

7 7. RESPONSIBILITIES OF EMPLOYER. Upon receipt of the
8 notice of wage assignment from the facility, the employer
9 shall do all of the following:

10 a. Immediately give effect to the wage assignment and hold
11 compensation which the obligor has owing to the extent of the
12 debt indicated in the notice from the facility.

13 b. No sooner than ten days, and no later than twenty days
14 from the date the employer receives the notice of wage
15 assignment, unless notified by the facility of a challenge of
16 the wage assignment by the obligor, the employer shall begin
17 forwarding the obligor's compensation, to the extent required
18 in the notice, to the facility with the obligor's name and
19 social security number, the facility's account number for the
20 obligor, and any other information required in the notice.

21 c. The employer may assess a fee against the obligor, not
22 to exceed twenty-five dollars, for forwarding of moneys to the
23 facility. This fee is in addition to the amount owed to or
24 being collected by the facility from the obligor. If
25 insufficient moneys are available from the obligor's
26 compensation to cover the fee and the amount in the notice,
27 the employer may deduct the fee amount prior to forwarding
28 moneys to the facility and the amount credited to the
29 obligor's account with the facility shall be reduced by the
30 fee amount. However, if the employer can present evidence to
31 the facility that the employer's costs were in excess of
32 twenty-five dollars and that such costs were necessary and
33 reasonable, then the employer may impose a fee in excess of
34 the twenty-five dollar fee limit.

35 8. CHALLENGES TO ACTION.

1 a. Challenges under this section may be initiated only by
 2 an obligor. An administrative wage assignment only occurs
 3 after the obligor has waived or exhausted administrative
 4 remedies. Reviews by the facility of a challenge to an
 5 administrative wage assignment are not subject to chapter 17A
 6 unless the challenge is regarding the validity of the
 7 assignment. Actions under this section are in equity and not
 8 actions at law.

9 b. The obligor challenging the administrative wage
 10 assignment shall submit a written challenge to the person
 11 identified as the contact for the facility in the notice,
 12 within ten days of the date of the notice to the obligor.

13 c. The facility, upon receipt of a written challenge,
 14 shall review the facts of the case with the obligor within ten
 15 days of receipt of the challenge. If the obligor is not
 16 available for the review on the scheduled date, the review
 17 shall take place without the obligor being present.

18 Information in favor of the obligor shall be considered by the
 19 facility in the review. The facility may utilize additional
 20 information if such information is available. Only a mistake
 21 of fact, including, but not limited to, a mistake in the
 22 identity of the obligor or a mistake in the amount owed to or
 23 being collected by the facility shall be considered as a
 24 reason to dismiss or modify the administrative wage
 25 assignment.

26 d. If the facility determines that a mistake of fact has
 27 occurred, the facility shall proceed as follows:

28 (1) If a mistake in identity has occurred or the obligor
 29 does not have a delinquent or accrued amount being collected
 30 by or owed to the facility, the facility shall notify the
 31 employer that the administrative wage assignment has been
 32 released. The facility shall provide a copy of the notice to
 33 the obligor by regular mail.

34 (2) If the delinquent or accrued amount being collected by
 35 or owed to the facility is less than the amount indicated in

1 the notice, the facility shall provide a notice to the
2 employer of the revised amount, with a copy of the original
3 notice, and issue a notice to the obligor by regular mail.
4 Upon written receipt of the notice from the facility, the
5 employer shall release the funds in excess of the revised
6 amount and forward the revised amount to the facility pursuant
7 to the administrative wage assignment.

8 (3) Any moneys received by the facility in excess of the
9 amount owed to or to be collected by the facility shall be
10 returned to the obligor.

11 e. If the facility finds no mistake of fact, the facility
12 shall provide a notice to that effect to the obligor by
13 regular mail and notify the employer to forward the moneys
14 pursuant to the administrative wage assignment.

15 f. The obligor shall have the right to file an action for
16 wrongful assignment in district court within thirty days of
17 the date of the notice to the obligor, either in the county
18 where the obligor is located or in Polk county where the
19 facility is located.

20 9. VALIDITY AND DURATION OF A WAGE ASSIGNMENT NOTICE. A
21 notice of wage assignment given to the obligor is effective
22 without the serving of another notice until the earliest of
23 either of the following:

24 a. The debt owed to the facility is paid in full.

25 b. The obligor receives notice that the wage assignment
26 shall cease.

27 Expiration of the wage assignment does not affect the
28 obligor's duties and liabilities respecting the wages already
29 withheld pursuant to the wage assignment.

30 Sec. 2. Section 421.31, subsection 3, Code 2001, is
31 amended by striking the subsection and inserting in lieu
32 thereof the following:

33 3. AUDIT OF CLAIMS. To set rules and procedures for the
34 preaudit of claims by individual agencies or organizations.
35 The director reserves the right to refuse to accept incomplete

1 or incorrect claims and to review, preaudit, or audit claims
2 as determined by the director.

3 Sec. 3. NEW SECTION. 421.47 TAX AGREEMENTS WITH INDIAN
4 TRIBES.

5 1. "Indian country" means the Indian country as defined in
6 18 U.S.C. § 1151, and includes trust land as defined by the
7 United States secretary of the interior.

8 2. The department and the governing body of an Indian
9 tribe may enter into an agreement to provide for the
10 collection and distribution or refund by the department within
11 Indian country of any tax or fee imposed by the state and
12 administered by the department.

13 An agreement may also provide for the collection and
14 distribution by the department of any tribal tax or fee
15 imposed by tribal ordinance. The agreement may provide for
16 the retention of an administrative fee by the department which
17 fee shall be an agreed-upon percentage of the gross revenue of
18 the tribal tax or fee collected.

19 3. An Act of Congress regulating the collection of state
20 taxes and their remittance to the states shall preempt an
21 agreement between the department and the governing body of an
22 Indian tribe under this section to the extent such federal Act
23 regulates the collection and remittance of a tax covered by
24 the agreement.

25 4. An agreement between the department and the governing
26 body of an Indian tribe under this section shall not preclude
27 the negotiation of an amendment to such agreement, which
28 conforms to an Act of Congress regulating the collection of
29 state taxes and their remittance to the states.

30 Sec. 4. Section 421.60, subsection 2, paragraph e, Code
31 2001, is amended to read as follows:

32 e. Unless otherwise provided by law, all Iowa taxes which
33 are administered by the department and which result in a
34 refund shall accrue interest at the rate in effect under
35 section 421.7 from the first day of the ~~second~~ third calendar

1 month following the date of payment or the date the return was
2 due to be filed or was filed, whichever is the latest.

3 Sec. 5. Section 422.16, subsection 2, Code 2001, is
4 amended by adding the following new unnumbered paragraph:

5 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
6 with the department of management, may periodically change the
7 filing and remittance thresholds by administrative rule if in
8 the best interest of the state and the taxpayer.

9 Sec. 6. Section 422.16, subsection 9, Code 2001, is
10 amended to read as follows:

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

1 constitute a claim for refund for this purpose, except in
2 respect to amounts of less than one dollar. There is
3 appropriated, out of any funds in the state treasury not
4 otherwise appropriated, a sum sufficient to carry out the
5 provisions of this subsection.

6 Sec. 7. Section 422.25, subsection 3, Code 2001, is
7 amended to read as follows:

8 3. If the amount of the tax as determined by the
9 department is less than the amount paid, the excess shall be
10 refunded with interest, the interest to begin to accrue on the
11 first day of the second third calendar month following the
12 date of payment or the date the return was due to be filed, or
13 the extended due date by which the return was due to be filed
14 if ninety percent of the tax was paid by the original due
15 date, or was filed, whichever is the latest, at the rate in
16 effect under section 421.7 counting each fraction of a month
17 as an entire month under the rules prescribed by the director.
18 If an overpayment of tax results from a net operating loss or
19 net capital loss which is carried back to a prior year, the
20 overpayment, for purposes of computing interest on refunds,
21 shall be considered as having been made on the date a claim
22 for refund or amended return carrying back the net operating
23 loss or net capital loss is filed with the department or on
24 the first day of the second third calendar month following the
25 date of the actual payment of the tax, whichever is later.
26 However, when the net operating loss or net capital loss
27 carryback to a prior year eliminates or reduces an
28 underpayment of tax due for an earlier year, the full amount
29 of the underpayment of tax shall bear interest at the rate in
30 effect under section 421.7 for each month counting each
31 fraction of a month as an entire month from the due date of
32 the tax for the earlier year to the last day of the taxable
33 year in which the net operating loss or net capital loss
34 occurred.

35 Sec. 8. Section 422.28, Code 2001, is amended to read as

1 follows:

2 422.28 REVISION OF TAX.

3 A taxpayer may appeal to the director for revision of the
4 tax, interest, or penalties assessed at any time within sixty
5 days from the date of the notice of the assessment of tax,
6 additional tax, interest, or penalties. The director shall
7 grant a hearing and if, upon the hearing, the director
8 determines that the tax, interest, or penalties are excessive
9 or incorrect, the director shall revise them according to the
10 law and the facts and adjust the computation of the tax,
11 interest, or penalties accordingly. The director shall notify
12 the taxpayer by mail of the result of the hearing and shall
13 refund to the taxpayer the amount, if any, paid in excess of
14 the tax, interest, or penalties found by the director to be
15 due, with interest after sixty ninety days from the date of
16 payment by the taxpayer at the rate in effect under section
17 421.7 for each month or a fraction of a month.

18 Sec. 9. Section 422.42, subsections 15 and 16, Code
19 Supplement 2001, are amended to read as follows:

20 15. Sales of building materials, supplies, and equipment
21 to owners, contractors, subcontractors or builders, for the
22 erection of buildings or the alteration, repair, or
23 improvement of real property, are retail sales in whatever
24 quantity sold. If a contractor, subcontractor, or builder is
25 to use building materials, supplies, and equipment in the
26 performance of a construction contract with a designated
27 exempt entity, the person shall purchase such items of
28 tangible personal property without liability for the tax if
29 such property will be used in the performance of the
30 construction contract and a purchasing agent authorization
31 letter and an exemption certificate, issued by the designated
32 exempt entity, are presented to the retailer. Where the
33 owner, contractor, subcontractor, or builder is also a
34 retailer holding a retail sales tax permit and transacting
35 retail sales of building materials, supplies, and equipment,

1 the person shall purchase such items of tangible personal
 2 property without liability for the tax if such property will
 3 be subject to the tax at the time of resale or at the time it
 4 is withdrawn from inventory for construction purposes. The
 5 sales tax shall be due in the reporting period when the
 6 materials, supplies, and equipment are withdrawn from
 7 inventory for construction purposes or when sold at retail.
 8 The tax shall not be due when materials are withdrawn from
 9 inventory for use in construction outside of Iowa and the tax
 10 shall not apply to tangible personal property purchased and
 11 consumed by the manufacturer as building materials in the
 12 performance by the manufacturer or its subcontractor of
 13 construction outside of Iowa. The tax shall not be due when
 14 materials are withdrawn from inventory for use in construction
 15 performed for a designated exempt entity if an exemption
 16 certificate is received from such entity.

17 For the purposes of this subsection, the sale of carpeting
 18 is not a sale of building materials. The sale of carpeting to
 19 owners, contractors, subcontractors, or builders shall be
 20 treated as the sale of ordinary tangible personal property and
 21 subject to the tax imposed under section 422.43, subsection 1,
 22 and the tax imposed under section 423.2.

23 For purposes of this subsection, "designated exempt entity"
 24 means an entity which is designated in section 422.45,
 25 subsection 7.

26 16. The use within this state of tangible personal
 27 property by the manufacturer thereof of such property, as
 28 building materials, supplies, or equipment, in the performance
 29 of construction contracts in Iowa, shall, for the purpose of
 30 this division, be construed as a sale at retail thereof of
 31 such property by the manufacturer who shall be deemed to be
 32 the consumer of such tangible personal property. The tax
 33 shall be computed upon the cost to the manufacturer of the
 34 fabrication or production thereof of such property. However,
 35 the tax shall not apply to tangible personal property

1 purchased and consumed by the manufacturer as building
2 materials, supplies, or equipment in the performance of a
3 construction contract for a designated exempt entity, as
4 defined in subsection 15, if a purchasing agent authorization
5 letter and an exemption certificate are received from such
6 entity and presented to the retailer.

7 Sec. 10. Section 422.45, subsection 7, paragraph b,
8 unnumbered paragraph 2, Code Supplement 2001, is amended to
9 read as follows:

10 Refunds authorized under this subsection shall accrue
11 interest at the rate in effect under section 421.7 from the
12 first day of the ~~second~~ third calendar month following the
13 date the refund claim is received by the department.

14 Sec. 11. Section 422.45, Code Supplement 2001, is amended
15 by adding the following new subsection:

16 NEW SUBSECTION. 63. The gross receipts from the sale or
17 rental of tangible personal property or from services
18 performed, rendered, or furnished to a recognized community
19 action agency as provided in section 216A.93 to be used for
20 the purposes of the agency.

21 Sec. 12. Section 422.47, Code Supplement 2001, is amended
22 by adding the following new subsection:

23 NEW SUBSECTION. 5. For purposes of assisting retailers in
24 properly accounting for nontaxable sales of building
25 materials, supplies, and equipment to be used in the
26 performance of a construction contract for a designated exempt
27 entity, as defined in section 422.42, subsection 15, the
28 designated exempt entity shall issue a purchasing agent
29 authorization letter and an exemption certificate to the
30 contractor, subcontractor, builder, or manufacturer to be used
31 as provided in section 422.42, subsection 15 or 16. The
32 authorization letter and the exemption certificate shall
33 specify the construction project to which they apply and shall
34 be valid only for that project.

35 The designated exempt entity shall notify the department

1 that such authorization letter and exemption certificate have
2 been issued. The notification shall, to the extent
3 practicable, describe the project and identify the
4 contractors, subcontractors, builders, and manufacturers which
5 will be using the letter and certificate.

6 If a designated exempt entity is required by law to
7 advertise for bids with regard to the construction project,
8 the entity shall include in its notice to bidders that the
9 entity will issue an exemption certificate for the purchase or
10 use of building materials, supplies, and equipment that will
11 be used in the performance of the construction contract.

12 The provisions of subsection 3, paragraphs "b", "d", and
13 "e", to the extent not inconsistent with this subsection shall
14 apply to this subsection.

15 Sec. 13. Section 422.54, subsection 1, Code 2001, is
16 amended by adding the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
18 with the department of management, may periodically change the
19 filing and remittance thresholds under sections 422.51 and
20 422.52 by administrative rule if in the best interest of the
21 state and the taxpayer to do so.

22 Sec. 14. Section 422.91, unnumbered paragraph 1, Code
23 2001, is amended to read as follows:

24 Any amount of estimated tax paid is a credit against the
25 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 the
28 first day of the second third calendar month following the
29 date of payment or the date the return was due to be filed or
30 was filed, whichever is the latest, at the rate established
31 under section 421.7, and the return constitutes a claim for
32 refund for this purpose. Amounts less than five dollars shall
33 be refunded to the taxpayer only upon written application in
34 accordance with section 422.73, and only if the application is
35 filed within twelve months after the due date for the return.

1 Sec. 15. Section 422B.10, subsection 2, paragraph a, Code
2 2001, is amended to read as follows:

3 a. The director of revenue and finance ~~within-fifteen-days~~
4 ~~of-the-beginning~~ by August 15 of each fiscal year shall send
5 to each city or county where the local option tax is imposed,
6 an estimate of the amount of tax moneys each city or county
7 will receive for the year and for each month of the year. At
8 the end of each month, the director may revise the estimates
9 for the year and remaining months.

10 Sec. 16. Section 422E.3, subsection 5, paragraph a, Code
11 Supplement 2001, is amended to read as follows:

12 a. The director of revenue and finance ~~within-fifteen-days~~
13 ~~of-the-beginning~~ by August 15 of each fiscal year shall send
14 to each school district where the tax is imposed an estimate
15 of the amount of tax moneys each school district will receive
16 for the year and for each month of the year. At the end of
17 each month, the director may revise the estimates for the year
18 and remaining months.

19 Sec. 17. Section 423.13, Code 2001, is amended by adding
20 the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
22 with the department of management, may periodically change the
23 filing and remittance thresholds by administrative rule if in
24 the best interest of the state and the taxpayer to do so.

25 Sec. 18. Section 425.7, subsection 3, unnumbered paragraph
26 2, Code Supplement 2001, is amended to read as follows:

27 If a claim is disallowed by the director of revenue and
28 finance and not appealed to the state board of tax review or
29 appealed to ~~and-upheld-by~~ the state board of tax review and a
30 ~~petition-for-judicial-review-is-not-filed-with-respect-to-the~~
31 disallowance thereafter upheld upon final resolution,
32 including any judicial review, any amounts of credits allowed
33 and paid from the homestead credit fund including the penalty,
34 if any, become a lien upon the property on which credit was
35 originally granted, if still in the hands of the claimant, and

1 not in the hands of a bona fide purchaser, and any amount so
 2 erroneously paid including the penalty, if any, shall be
 3 collected by the county treasurer in the same manner as other
 4 taxes and the collections shall be returned to the department
 5 of revenue and finance and credited to the homestead credit
 6 fund. The director of revenue and finance may institute legal
 7 proceedings against a homestead credit claimant for the
 8 collection of payments made on disallowed credits and the
 9 penalty, if any. If a person makes a false claim or affidavit
 10 with fraudulent intent to obtain the homestead credit, the
 11 person is guilty of a fraudulent practice and the claim shall
 12 be disallowed in full. If the credit has been paid, the
 13 amount of the credit plus a penalty equal to twenty-five
 14 percent of the amount of credit plus interest, at the rate in
 15 effect under section 421.7, from the time of payment shall be
 16 collected by the county treasurer in the same manner as other
 17 property taxes, penalty, and interest are collected and when
 18 collected shall be paid to the director of revenue and
 19 finance. If a homestead credit is disallowed and the claimant
 20 failed to give written notice to the assessor as required by
 21 section 425.2 when the property ceased to be used as a
 22 homestead by the claimant, a civil penalty equal to five
 23 percent of the amount of the disallowed credit is assessed
 24 against the claimant.

25 Sec. 19. Section 425A.4, Code Supplement 2001, is amended
 26 by adding the following new subsection:

27 NEW SUBSECTION. 5. If the director of revenue and finance
 28 determines that a claim for family farm tax credit has been
 29 allowed by a board of supervisors which is not justifiable
 30 under the law and not substantiated by proper facts, the
 31 director may, at any time within thirty-six months from July 1
 32 of the year for which the claim is allowed, set aside the
 33 allowance. Notice of the disallowance shall be given to the
 34 county auditor of the county in which the claim has been
 35 improperly granted and a written notice of the disallowance

1 shall also be addressed to the claimant at the claimant's last
2 known address. The claimant or the board of supervisors may
3 appeal to the state board of tax review pursuant to section
4 421.1, subsection 4. The claimant or the board of supervisors
5 may seek judicial review of the action of the state board of
6 tax review in accordance with chapter 17A.

7 If a claim is disallowed by the director of revenue and
8 finance and not appealed to the state board of tax review or
9 appealed to the state board of tax review and thereafter
10 upheld upon final resolution, including any judicial review,
11 the credits allowed and paid become a lien upon the property
12 on which the credit was originally granted, if still in the
13 hands of the claimant and not in the hands of a bona fide
14 purchaser, and any amount so erroneously paid, including the
15 penalty, if any, shall be collected by the county treasurer in
16 the same manner as other taxes, and the collections shall be
17 returned to the department of revenue and finance and credited
18 to the general fund of the state. The director of revenue and
19 finance may institute legal proceedings against a family farm
20 tax credit claimant for the collection of payments made on
21 disallowed credits and the penalty, if any.

22 Sec. 20. Section 426A.6, Code 2001, is amended to read as
23 follows:

24 426A.6 SETTING ASIDE ALLOWANCE.

25 If the director of revenue and finance determines that a
26 claim for military service tax exemption has been allowed by a
27 board of supervisors which is not justifiable under the law
28 and not substantiated by proper facts, the director may, at
29 any time within thirty-six months from July 1 of the year in
30 which the claim is allowed, set aside the allowance. Notice
31 of the disallowance shall be given to the county auditor of
32 the county in which the claim has been improperly granted and
33 a written notice of the disallowance shall also be addressed
34 to the claimant at the claimant's last known address. The
35 claimant or the board of supervisors may appeal to the state

1 board of tax review pursuant to section 421.1, subsection 4.
 2 The claimant or the board of supervisors may seek judicial
 3 review of the action of the state board of tax review in
 4 accordance with chapter 17A. If a claim is disallowed by the
 5 director of revenue and finance and not appealed to the state
 6 board of tax review or appealed to and-upheld-by the state
 7 board of tax review and ~~a-petition-for-judicial-review-is-not~~
 8 ~~filed-with-respect-to-the-disallowance~~ thereafter upheld upon
 9 final resolution, including judicial review, the credits
 10 allowed and paid from the general fund of the state become a
 11 lien upon the property on which the credit was originally
 12 granted, if still in the hands of the claimant and not in the
 13 hands of a bona fide purchaser, the amount so erroneously paid
 14 shall be collected by the county treasurer in the same manner
 15 as other taxes, and the collections shall be returned to the
 16 department of revenue and finance and credited to the general
 17 fund of the state. The director of revenue and finance may
 18 institute legal proceedings against a military service tax
 19 exemption claimant for the collection of payments made on
 20 disallowed exemptions.

21 Sec. 21. Section 426A.11, subsection 3, Code Supplement
 22 2001, is amended to read as follows:

23 3. Where the word "veteran" appears in this chapter, it
 24 includes, without limitation, the members of the United States
 25 air force, ~~and-the-United-States~~ merchant marine, and coast
 26 guard.

27 Sec. 22. Section 427.1, subsection 5, Code Supplement
 28 2001, is amended to read as follows:

29 5. PROPERTY OF ASSOCIATIONS OF WAR VETERANS. The property
 30 of any organization composed wholly of veterans of any war,
 31 when such property is devoted entirely to its own use and not
 32 held for pecuniary profit. The operation of bingo games on
 33 property of such organization shall not adversely affect the
 34 exemption of that property under this subsection if all
 35 proceeds, in excess of expenses, are used for the legitimate

1 purposes of the organization.

2 Sec. 23. Section 445.5, Code 2001, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 1A. If an equalization order was issued
5 by the state pursuant to section 441.47 for the assessment
6 year for which the taxes on the statement were calculated, for
7 each class of property for which an increase in assessed value
8 was ordered in the equalization order, the statement to each
9 taxpayer for that class of property shall contain the
10 following statement:

11 "As a result of state-ordered equalization of assessments,
12 the levy rate applied against your taxable valuation should
13 have decreased by \$(dollars and cents) per thousand dollars of
14 taxable value based on the budgets from the previous year. If
15 your statement does not reflect that decrease, it is because
16 of action taken by one or more local taxing authorities to
17 increase its budget from the previous year."

18 Sec. 24. Section 450.94, subsection 3, Code 2001, is
19 amended to read as follows:

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

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

13 Sec. 25. Section 452A.2, Code Supplement 2001, is amended
 14 by adding the following new subsection:

15 NEW SUBSECTION. 1A. "Biofuel" means an oxygenated product
 16 derived from soybean oil, vegetable oil, or animal fats that
 17 can be used in diesel engines or aircraft. Biofuel may be a
 18 blend with diesel fuel or it may be one hundred percent
 19 soybean oil, vegetable oil, or animal fats. Any biofuel
 20 product is a special fuel.

21 Sec. 26. Section 452A.6, Code 2001, is amended to read as
 22 follows:

23 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
 24 BLENDER'S LICENSE.

25 A person other than a supplier, restrictive supplier, or
 26 importer licensed under this division, who blends gasoline
 27 with alcohol distilled from cereal grains so that the blend
 28 contains at least ten percent alcohol distilled from cereal
 29 grains, shall obtain a blender's license. A person who blends
 30 two or more special fuel products or sells one hundred percent
 31 biofuel shall obtain a blender's license. The license shall
 32 be obtained by following the procedure under section 452A.4
 33 and the license is subject to the same restrictions as
 34 contained in that section. A blender shall maintain records
 35 as required by section 452A.10 as to motor fuel, alcohol, and

1 ethanol blended gasoline, and special fuels.

2 Sec. 27. Section 452A.8, subsection 3, Code 2001, is
3 amended to read as follows:

4 3. For the purpose of determining the amount of the tax
5 liability on alcohol blended to produce ethanol blended
6 gasoline or a blend of special fuel products, each licensed
7 blender shall, not later than the last day of each month
8 following the month in which the blending is done, file with
9 the department a monthly return, signed under penalty for
10 false certificate, containing information required by rules
11 adopted by the director.

12 Sec. 28. Section 452A.9, Code 2001, is amended to read as
13 follows:

14 452A.9 RETURNS FROM PERSONS NOT LICENSED AS SUPPLIERS,
15 RESTRICTIVE SUPPLIERS, OR IMPORTERS OR BLENDERS.

16 Every person other than a licensed supplier, restrictive
17 supplier, or importer or blender, who purchases, brings into
18 this state, or otherwise acquires within this state motor fuel
19 or undyed special fuel, not otherwise exempted, which the
20 person has knowingly not paid or incurred liability to pay
21 either to a licensee or to a dealer the motor fuel or special
22 fuel tax, shall be subject to the provisions of this division
23 that apply to suppliers, restrictive suppliers, and importers
24 and blenders of motor fuel or undyed special fuel and shall
25 file the same returns and make the same tax payments and be
26 subject to the same penalties for delinquent filing or
27 nonfiling or delinquent payment or nonpayment as apply to
28 suppliers, restrictive suppliers, and importers and blenders.

29 Sec. 29. Section 452A.15, subsection 1, unnumbered
30 paragraph 1, Code 2001, amended to read as follows:

31 Every railroad and common carrier or contract carrier
32 transporting motor fuel or special fuel either in interstate
33 or intrastate commerce within this state and every person
34 transporting motor fuel or special fuel by whatever manner
35 into this state shall, subject to penalties for false

1 certificate, report to the department all deliveries of motor
 2 fuel or special fuel to points within this state other than
 3 refineries or marine or pipeline terminals. If any supplier,
 4 restrictive supplier, importer, blender, or distributor is
 5 also engaged in the transportation of motor fuel or special
 6 fuel for others, the supplier, restrictive supplier, importer,
 7 blender, or distributor shall make the same reports as
 8 required of common carriers and contract carriers.

9 Sec. 30. Section 452A.15, Code 2001, is amended by adding
 10 the following new subsection:

11 NEW SUBSECTION. 2. Persons operating storage facilities
 12 at a nonterminal location shall file a monthly report with the
 13 department accounting for all motor fuel, alcohol, and special
 14 fuel that is delivered into, stored within, withdrawn from, or
 15 sold from the storage facility.

16 Sec. 31. Section 452A.15, Code 2001, is amended by adding
 17 the following new subsection:

18 NEW SUBSECTION. 4. The director may impose a civil
 19 penalty against any person who fails to file the reports or
 20 keep the records required under this section. The penalty
 21 shall be one hundred dollars for the first violation and shall
 22 increase by one hundred dollars for each additional violation
 23 occurring in the calendar year in which the first violation
 24 occurred.

25 Sec. 32. Section 452A.60, unnumbered paragraph 1, Code
 26 2001, is amended to read as follows:

27 The department of revenue and finance or the state
 28 department of transportation shall prescribe and furnish all
 29 forms, as applicable, upon which reports, returns, and
 30 applications shall be made and claims for refund presented
 31 under this chapter and may prescribe forms of record to be
 32 kept by suppliers, restrictive suppliers, importers,
 33 exporters, blenders, common carriers, contract carriers,
 34 licensed compressed natural gas and liquefied petroleum gas
 35 dealers and users, terminal operators, nonterminal storage

1 facility operations, and interstate commercial motor vehicle
2 operators.

3 Sec. 33. Section 452A.62, subsection 2, unnumbered
4 paragraph 1, Code 2001, is amended to read as follows:

5 To examine the records, books, papers, receipts, and
6 invoices of any distributor, supplier, restrictive supplier,
7 importer, blender, exporter, terminal operator, licensed
8 compressed natural gas or liquefied petroleum gas dealer or
9 user, or any other person who possesses fuel upon which the
10 tax has not been paid to determine financial responsibility
11 for the payment of the taxes imposed by this chapter.

12 Sec. 34. Section 452A.65, unnumbered paragraph 1, Code
13 2001, is amended to read as follows:

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

32 Sec. 35. Section 516D.3, subsection 6, paragraphs a and b,
33 Code 2001, are amended to read as follows:

34 a. Mandatory charge does not include an ~~optional-airport~~
35 ~~imposed~~ airport-imposed fee if the existence and amount of the

1 fee are clearly and conspicuously disclosed immediately
2 adjacent to any advertised rental price. The advertisement
3 ~~must clearly and conspicuously state the method of avoiding~~
4 ~~the airport access fee and the~~ customer must be informed of
5 the amount of the fee when the reservation is made. When an
6 advertisement encompasses more than one rental location, the
7 fee may be expressed as the maximum fee or range of fees.

8 b. Mandatory charge does not include taxes imposed
9 directly upon the rental transaction by an authorized taxing
10 authority. ~~An airport imposed fee on gross receipts or an~~
11 ~~airport access fee is not such a tax.~~

12 Sec. 36. Notwithstanding the filing deadline provided in
13 section 427.1, subsection 14, the filing deadline for
14 organizations, institutions, or societies required to file a
15 claim for a property tax exemption for the assessment year
16 beginning January 1, 2002, for taxes due and payable in the
17 fiscal year beginning July 1, 2003, shall be October 1, 2002.

18 Sec. 37. Section 70A.17, Code 2001, is repealed.

19 Sec. 38. EFFECTIVE DATES.

20 1. The sections of this Act amending section 421.60;
21 section 422.16, subsection 9; section 422.25; section 422.28;
22 section 422.45, subsection 7; section 422.91; section 450.94;
23 and section 452A.65, relating to when interest on tax refunds
24 begins to accrue, take effect June 1, 2002.

25 2. The sections of this Act amending sections 422.42 and
26 422.47 take effect January 1, 2003, and apply to construction
27 contracts entered into on or after that date.

28 3. The section of this Act extending the time for filing a
29 claim for property tax exemptions by certain organizations,
30 institutions, or societies, being deemed of immediate
31 importance, takes effect upon enactment.

32 EXPLANATION

33 Code chapter 421 is amended to provide for a new collection
34 method designated as new Code section 421.17B. The new method
35 is an administrative wage assignment. An administrative wage

1 assignment is an expedited means to collect outstanding debts
2 owed to the state of Iowa. This collection method is to be
3 used by the department after all administrative remedies are
4 waived or exhausted by the obligor. An administrative wage
5 assignment allows the department to use compensation that is
6 owed to an obligor for payment of wages to be applied against
7 a debt owed by the obligor to the state. The method is
8 similar in concept to the administrative levy process
9 authorized in Code section 421.17A enacted in 1995.

10 Code section 421.31(3) amends the powers and duties of the
11 director regarding the audit of claims. Currently, the
12 department is required to audit all claims. The proposed
13 change will require the director to set rules and procedures
14 for the preaudit of claims by an agency or organization.
15 Currently, agencies preaudit most of their claims. The change
16 also allows the department to refuse any incomplete or
17 incorrect claims and to audit claims as determined by the
18 director.

19 A new Code section 421.47 is created which authorizes the
20 department of revenue and finance to enter into agreements
21 with an Indian tribe to collect and distribute or refund a
22 state tax or a tribal tax. The new provision further provides
23 that if the department collects and distributes a tribal tax
24 on behalf of the Indian tribe, the department may charge a
25 mutually agreed-upon administrative fee. However, the
26 agreement is preempted by an Act of Congress that regulates
27 the collection of state taxes covered by the agreement.

28 Code sections 421.60(2), 422.16(9), 422.25(3), 422.28,
29 422.45(7), 422.91, 450.94, and 452A.65 are amended to extend
30 the date the state is required to start paying interest on tax
31 refunds from the first day of the second month following the
32 due date of the tax return to the first day of the third month
33 following the due date of the tax return. These amendments
34 are effective June 1, 2002.

35 Code sections 422.16(2), 422.54(1), and 423.13 authorize

1 the director, in cooperation with the department of
2 management, to change the filing and remittance thresholds as
3 they relate to income, sales, and use taxes if in the best
4 interest of the state and the taxpayer.

5 Code sections 422.42(15) and (16) and 422.47 are amended to
6 change the current method of imposing and refunding the sales
7 and use taxes on building materials, supplies, and equipment
8 used in a construction project for exempt entities. Under
9 current law, contractors are considered the consumer of
10 building materials, supplies, and equipment in the performance
11 of construction contracts and must pay the appropriate sales
12 or use tax. The tax is paid even if the construction contract
13 is with a state or local government agency, educational
14 institution, or other exempt entity. However, the agency,
15 institution, or other entity will receive a refund from the
16 state in the amount of sales and use taxes paid. The changes
17 to Code sections 422.42(15) and (16) and 422.47 provide for
18 the avoidance of the original payment of the sales or use tax
19 by authorizing the tax-exempt entity to issue an exemption
20 certificate so that the contractor may purchase the building
21 materials, supplies, and equipment tax-free or in the case
22 where a contractor is a retailer and does not pay the tax at
23 the time of purchase, the contractor would not pay the tax
24 when the materials, supplies, and equipment are withdrawn from
25 inventory. If the materials, supplies, and equipment are not
26 used for the project of the exempt entity, the contractor may
27 be subject to the penalties for perjury. The amendments also
28 provide that when an entity that is subject to public bidding
29 laws advertises for bids, the notice to bidders must contain a
30 provision that a tax exemption certificate for the purchase of
31 building materials, supplies, and equipment will be issued.
32 These amendments take effect January 1, 2003, and apply to
33 construction contracts entered into on or after that date.

34 Code section 422.45, new subsection 63, is enacted to
35 exempt from state sales and use taxes the sales and rentals of

1 tangible property and furnishing of services to community
2 action agencies for use by the agencies.

3 Code sections 422B.10(2) and 422E.3(5) are amended to
4 provide the director additional time to determine and notify
5 cities and counties of the estimated amount of local option
6 taxes they will be receiving in the fiscal year.

7 Code sections 425.7(3) and 426A.6 are amended to specify
8 the appeal process for the taxpayer if the director disallows
9 a claim for the homestead property tax credit or military
10 service property tax exemption, respectively.

11 Code section 425A.4 is amended to permit the director to
12 disallow invalid claims for the family farm property tax
13 credit. The director has this authority for homestead tax
14 credits, military service tax credits, and tax credits for the
15 elderly and disabled. The director also has the authority to
16 revoke property tax exemptions allowed by local government
17 taxing officials that are found to have been allowed contrary
18 to law.

19 Code section 426A.11(3) is amended to add members of the
20 United States coast guard as eligible veterans for purposes of
21 receiving the military service property tax exemption.

22 Code section 427.1(5) is amended to provide that the
23 operation of bingo games on property of a veterans
24 organization does not affect the property tax exemption of the
25 property if the proceeds in excess of expenses are used for
26 the legitimate purposes of the organization.

27 Code section 445.5, new subsection 1A, is enacted to
28 require that the property tax statement shall contain a
29 statement to the effect that if the valuations of the
30 taxpayer's class of property have increased as a result of
31 state equalization then the taxpayer's tax rate should
32 decrease based on the budgets for the previous year and that
33 if the rates have not, it is because of the increase in local
34 taxing authorities' budgets.

35 Code section 452A.2, new subsection 1A, is enacted to

1 define biofuel as an oxygenated product derived from soybean
 2 oil, vegetable oil, or animal fats that can be used in diesel
 3 engines or aircraft and to specify that any biofuel product or
 4 biofuel blend with diesel fuel is a special fuel for purposes
 5 of the tax on fuels. Code sections 452A.6, 452A.8(3), 452A.9,
 6 452A.15, 452A.60, and 452A.62(2) are amended to make
 7 coordinating changes to effectuate the tax on biofuel.

8 Code section 452A.15 is amended to impose a penalty for
 9 failure to file required reports against persons transporting
 10 fuel, operating storage facilities, or operating refineries in
 11 Iowa. The department uses these reports to track fuel
 12 movements but they are often not filed because there is no
 13 penalty for failure to do so.

14 Code section 516D.3(6) is amended to change the definition
 15 of "mandatory charge" under the Iowa car rental and collision
 16 damage waiver chapter. The amendment excludes airport-imposed
 17 fees from the definition if the amount of the fee is clearly
 18 and conspicuously disclosed and the customer is informed of
 19 the amount, and excludes airport-imposed fees on gross
 20 receipts or airport access fee.

21 Code section 70A.17 is repealed to eliminate the director's
 22 authority to withhold insurance premiums payable for other
 23 than a state-sponsored insurance program at the request of the
 24 state employee and to remit the amount withheld to the
 25 insurance company designated by the employee.

26 This bill adds a noncode provision that extends the
 27 deadline by which a statement of objects and uses must be
 28 filed for certain organizations and institutions claiming a
 29 property tax exemption. The filing deadline is extended from
 30 February 1 to October 1, but only for the 2002 assessment
 31 year, which is for taxes due and payable in the fiscal year
 32 beginning July 1, 2003. The organizations and institutions
 33 include veterans organizations and literary, scientific,
 34 charitable, benevolent, agricultural, and religious
 35 institutions. The provision takes effect upon enactment.

REPRINTED

APR 9 2002
WAYS & MEANS CALENDAR

HOUSE FILE 2622
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HSB 721)

Passed House, Date (P.1284) 4/9/02 Passed Senate, Date (P.1132) 4-11-02
Vote: Ayes 96 Nays 0 Vote: Ayes 46 Nays 0
Approved May 6, 2002

*Re-passed 4-12-02
vote 46-0 (P.1173)*

A BILL FOR

1 An Act relating to the administration of the tax and related laws
2 by the department of revenue and finance, including
3 administration of state individual income, corporate income,
4 sales and use, property, motor fuel, special fuel, and
5 inheritance taxes and including effective and retroactive
6 applicability date provisions.

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

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HF 2622

1 Section 1. Section 404.4, unnumbered paragraph 2, Code
2 Supplement 2001, is amended to read as follows:

3 An application shall be filed for each new exemption
4 claimed. The first application for an exemption shall be
5 filed by the owner of the property with the governing body of
6 the city or county in which the property is located by
7 February 1 of the assessment year for which the exemption is
8 first claimed, but not later than the year in which all
9 improvements included in the project are first assessed for
10 taxation, unless or the following two assessment years, in
11 which case the exemption is allowed for the total number of
12 years in the exemption schedule. However, upon the request of
13 the owner at any time, the governing body of the city or
14 county provides by resolution that the owner may file an
15 application by February 1 of any other assessment year
16 selected by the governing body in which case the exemption is
17 allowed for the number of years remaining in the exemption
18 schedule selected. The application shall contain, but not be
19 limited to, the following information: The nature of the
20 improvement, its cost, the estimated or actual date of
21 completion, the tenants that occupied the owner's building on
22 the date the city or county adopted the resolution referred to
23 in section 404.2, subsection 1, and which exemption in section
24 404.3 or in the different schedule, if one has been adopted,
25 will be elected.

26 Sec. 2. NEW SECTION. 421.17B ADMINISTRATIVE WAGE
27 ASSIGNMENT COOPERATIVE AGREEMENT.

28 1. DEFINITIONS. As used in this section, unless the
29 context otherwise requires:

30 a. "Employer" means any person or entity that pays an
31 obligor to do a specific task. "Employer" only includes such
32 a person or entity in an employer-employee relationship and
33 does not include an obligor acting as a contractor,
34 distributor, agent, or in any representative capacity in which
35 the obligor receives any form of consideration.

1 b. "Employment" means the performance of personal services
2 for another. "Employment" only includes parties in an
3 employer-employee relationship and does not include one acting
4 as a self-employer, contractor, distributor, agent, or in any
5 representative capacity.

6 c. "Facility" means the centralized debt collection
7 facility of the department of revenue and finance established
8 pursuant to section 421.17, subsection 34.

9 d. "Obligor" means a person who is indebted to the state
10 or a state agency for any delinquent accounts, charges, fees,
11 loans, taxes, or other indebtedness due the state or
12 indebtedness being collected by the state.

13 e. "Wage" means any form of compensation due to an
14 obligor. "Wage" includes, but is not limited to, wages,
15 salary, bonus, commission, or other payment directly or
16 indirectly related to employment. If a wage is assigned to
17 the facility, wage only includes a payment in the form of
18 money.

19 2. PURPOSE AND USE.

20 a. Notwithstanding other statutory provisions which
21 provide for the execution, attachment, garnishment, or levy
22 against accounts, the facility may utilize the process
23 established in this section to collect delinquent accounts,
24 charges, fees, loans, taxes, or other indebtedness due the
25 facility or being collected by the facility provided all
26 administrative remedies have been waived or exhausted by the
27 obligor. Any exemptions or exceptions which specifically
28 apply to enforcement of such obligations also apply to this
29 section.

30 Administrative wage assignment under this section is the
31 equivalent of condemning funds under chapter 642.

32 The administrative wage assignment is to be considered an
33 additional means of collection by the facility and not an
34 exclusive means of collection. If the use of an
35 administrative wage assignment is not successful in collecting

1 an outstanding debt due the facility, the facility may use the
2 collection provisions set forth in chapters 626 and 642.

3 b. An obligor is subject to this section if the obligor's
4 debt is being collected by the facility.

5 c. Any amount forwarded to the facility by an employer
6 under this section shall not exceed the delinquent or accrued
7 amount of the obligor's debt being collected by the facility.

8 3. NOTICE TO THE OBLIGOR.

9 a. The facility may proceed under this section only if a
10 ten-day notice has been provided to the obligor. Notice by
11 the facility may be by regular mail to the last known address
12 of the obligor, notifying the obligor that the obligor is
13 subject to this section. If the facility determines that
14 collection of the debt may be in jeopardy, the facility may
15 request that the employer deliver notice of the wage
16 assignment simultaneous with the remainder of or in lieu of
17 the obligor's compensation due from the employer.

18 The facility may obtain one or more wage assignments of an
19 obligor who is subject to this section. If the obligor has
20 more than one employer, the facility may receive wage
21 assignments from one or all of the employers until the full
22 debt obligation of the obligor is satisfied. If an obligor
23 has more than one employer, the facility shall give notice to
24 all employers that the facility seeks to have an assignment of
25 wages.

26 b. The notice from the facility to the obligor shall
27 contain all of the following:

28 (1) The name and social security number of the obligor.

29 (2) A statement that the obligor is believed to have
30 employment with the stated employer.

31 (3) A statement that pursuant to the provisions of this
32 section, the obligor's wages will be assigned to the facility
33 for payment of the specified debts and that the employer is
34 authorized and required to forward moneys to the facility.

35 (4) The maximum amount to be forwarded by the employer,

1 which shall not exceed the delinquent or accrued amount of
2 debt being collected by or owed to the facility by the
3 obligor.

4 (5) The prescribed time frames the employer must meet in
5 forwarding any amounts.

6 (6) A statement that any challenge to the action must be
7 in writing and must be received by the facility within ten
8 days of the date of the notice to the obligor.

9 (7) The address of the facility and the account number
10 utilized by the facility for the obligor.

11 (8) A telephone number, address, and contact name of the
12 facility initiating the action.

13 4. VERIFICATION OF EMPLOYMENT AND IMMUNITY FROM LIABILITY.

14 a. The facility may contact an employer to obtain
15 verification of employment, and any specific information from
16 the employer that the facility needs to initiate, effectuate,
17 or maintain collection of the obligation. Contact with an
18 employer may be by telephone, fax, or by written
19 communication. The employer may require proof of authority
20 from the person from the facility and the telephone number of
21 the authorized person from the facility before releasing an
22 obligor's employment information by telephone.

23 b. The employer is immune from any civil or criminal
24 liability for information released by the employer to the
25 facility pursuant to this section.

26 5. COSTS. The facility is not liable for any costs
27 incurred or imposed for initiating, effectuating, or
28 maintaining an administrative wage assignment under this
29 section. Such costs will be the sole responsibility of the
30 obligor and will be added to the amount to be collected by the
31 facility.

32 6. ADMINISTRATIVE WAGE ASSIGNMENT -- NOTICE TO THE
33 EMPLOYER.

34 a. If an obligor is subject to this section, the facility
35 may initiate an administrative wage assignment to have

1 compensation due the obligor to be assigned by the employer to
2 the facility up to the amount of the full debt to be collected
3 by the facility.

4 b. The facility shall send a notice to the employer within
5 fourteen days of sending notice of the wage assignment to the
6 obligor. The notice shall inform the employer of the amount
7 to be assigned to the facility from each wage, salary, or
8 payment period that is due the obligor. The facility may
9 receive assignment of up to one hundred percent of the
10 obligor's disposable income, salary, or payment for any given
11 period until the full obligation to the facility is paid in
12 full.

13 c. The notice to the employer shall contain all of the
14 following:

15 (1) The name and social security number of the obligor.

16 (2) A statement that the obligor is believed to be
17 employed by the employer.

18 (3) A statement that pursuant to the provisions of this
19 section, the obligor's wages are subject to assignment and the
20 employer is authorized and required to forward moneys to the
21 facility.

22 (4) The maximum amount that shall be forwarded by the
23 employer, which shall not exceed the delinquent or accrued
24 amount of debt being collected by or owed to the facility by
25 the obligor.

26 (5) The prescribed time frame the employer must meet in
27 forwarding any amounts.

28 (6) The address of the facility and the account number
29 utilized by the facility for the obligor.

30 (7) A telephone number, address, and name of a contact
31 person with the facility.

32 7. RESPONSIBILITIES OF EMPLOYER. Upon receipt of the
33 notice of wage assignment from the facility, the employer
34 shall do all of the following:

35 a. Immediately give effect to the wage assignment and hold

1 compensation which the obligor has owing to the extent of the
2 debt indicated in the notice from the facility.

3 b. No sooner than ten days, and no later than twenty days
4 from the date the employer receives the notice of wage
5 assignment, unless notified by the facility of a challenge of
6 the wage assignment by the obligor, the employer shall begin
7 forwarding the obligor's compensation, to the extent required
8 in the notice, to the facility with the obligor's name and
9 social security number, the facility's account number for the
10 obligor, and any other information required in the notice.

11 c. The employer may assess a fee against the obligor, not
12 to exceed twenty-five dollars, for forwarding of moneys to the
13 facility. This fee is in addition to the amount owed to or
14 being collected by the facility from the obligor. If
15 insufficient moneys are available from the obligor's
16 compensation to cover the fee and the amount in the notice,
17 the employer may deduct the fee amount prior to forwarding
18 moneys to the facility and the amount credited to the
19 obligor's account with the facility shall be reduced by the
20 fee amount. However, if the employer can present evidence to
21 the facility that the employer's costs were in excess of
22 twenty-five dollars and that such costs were necessary and
23 reasonable, then the employer may impose a fee in excess of
24 the twenty-five dollar fee limit.

25 8. CHALLENGES TO ACTION.

26 a. Challenges under this section may be initiated only by
27 an obligor. An administrative wage assignment only occurs
28 after the obligor has waived or exhausted administrative
29 remedies. Reviews by the facility of a challenge to an
30 administrative wage assignment are not subject to chapter 17A
31 unless the challenge is regarding the validity of the
32 assignment. Actions under this section are in equity and not
33 actions at law.

34 b. The obligor challenging the administrative wage
35 assignment shall submit a written challenge to the person

1 identified as the contact for the facility in the notice,
2 within ten days of the date of the notice to the obligor.

3 c. The facility, upon receipt of a written challenge,
4 shall review the facts of the case with the obligor within ten
5 days of receipt of the challenge. If the obligor is not
6 available for the review on the scheduled date, the review
7 shall take place without the obligor being present.

8 Information in favor of the obligor shall be considered by the
9 facility in the review. The facility may utilize additional
10 information if such information is available. Only a mistake
11 of fact, including, but not limited to, a mistake in the
12 identity of the obligor or a mistake in the amount owed to or
13 being collected by the facility shall be considered as a
14 reason to dismiss or modify the administrative wage
15 assignment.

16 d. If the facility determines that a mistake of fact has
17 occurred, the facility shall proceed as follows:

18 (1) If a mistake in identity has occurred or the obligor
19 does not have a delinquent or accrued amount being collected
20 by or owed to the facility, the facility shall notify the
21 employer that the administrative wage assignment has been
22 released. The facility shall provide a copy of the notice to
23 the obligor by regular mail.

24 (2) If the delinquent or accrued amount being collected by
25 or owed to the facility is less than the amount indicated in
26 the notice, the facility shall provide a notice to the
27 employer of the revised amount, with a copy of the original
28 notice, and issue a notice to the obligor by regular mail.
29 Upon written receipt of the notice from the facility, the
30 employer shall release the funds in excess of the revised
31 amount and forward the revised amount to the facility pursuant
32 to the administrative wage assignment.

33 (3) Any moneys received by the facility in excess of the
34 amount owed to or to be collected by the facility shall be
35 returned to the obligor.

1 e. If the facility finds no mistake of fact, the facility
2 shall provide a notice to that effect to the obligor by
3 regular mail and notify the employer to forward the moneys
4 pursuant to the administrative wage assignment.

5 f. The obligor shall have the right to file an action for
6 wrongful assignment in district court within thirty days of
7 the date of the notice to the obligor, either in the county
8 where the obligor is located or in Polk county where the
9 facility is located.

10 9. VALIDITY AND DURATION OF A WAGE ASSIGNMENT NOTICE. A
11 notice of wage assignment given to the obligor is effective
12 without the serving of another notice until the earliest of
13 either of the following:

14 a. The debt owed to the facility is paid in full.

15 b. The obligor receives notice that the wage assignment
16 shall cease.

17 Expiration of the wage assignment does not affect the
18 obligor's duties and liabilities respecting the wages already
19 withheld pursuant to the wage assignment.

20 Sec. 3. Section 421.31, subsection 3, Code 2001, is
21 amended by striking the subsection and inserting in lieu
22 thereof the following:

23 3. AUDIT OF CLAIMS. To set rules and procedures for the
24 preaudit of claims by individual agencies or organizations.
25 The director reserves the right to refuse to accept incomplete
26 or incorrect claims and to review, preaudit, or audit claims
27 as determined by the director.

28 Sec. 4. NEW SECTION. 421.47 TAX AGREEMENTS WITH INDIAN
29 TRIBES.

30 1. "Indian country" means the Indian country as defined in
31 18 U.S.C. § 1151, and includes trust land as defined by the
32 United States secretary of the interior.

33 2. The department and the governing body of an Indian
34 tribe may enter into an agreement to provide for the
35 collection and distribution or refund by the department within

1 Indian country of any tax or fee imposed by the state and
2 administered by the department.

3 An agreement may also provide for the collection and
4 distribution by the department of any tribal tax or fee
5 imposed by tribal ordinance. The agreement may provide for
6 the retention of an administrative fee by the department which
7 fee shall be an agreed-upon percentage of the gross revenue of
8 the tribal tax or fee collected.

9 3. An Act of Congress regulating the collection of state
10 taxes and their remittance to the states shall preempt an
11 agreement between the department and the governing body of an
12 Indian tribe under this section to the extent such federal Act
13 regulates the collection and remittance of a tax covered by
14 the agreement.

15 4. An agreement between the department and the governing
16 body of an Indian tribe under this section shall not preclude
17 the negotiation of an amendment to such agreement, which
18 conforms to an Act of Congress regulating the collection of
19 state taxes and their remittance to the states.

20 Sec. 5. Section 422.16, subsection 2, Code 2001, is
21 amended by adding the following new unnumbered paragraph:
22 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
23 with the department of management, may periodically change the
24 filing and remittance thresholds by administrative rule if in
25 the best interest of the state and the taxpayer.

26 Sec. 6. Section 422.42, subsections 15 and 16, Code
27 Supplement 2001, are amended to read as follows:

28 15. Sales of building materials, supplies, and equipment
29 to owners, contractors, subcontractors or builders, for the
30 erection of buildings or the alteration, repair, or
31 improvement of real property, are retail sales in whatever
32 quantity sold. If a contractor, subcontractor, or builder is
33 to use building materials, supplies, and equipment in the
34 performance of a construction contract with a designated
35 exempt entity, the person shall purchase such items of

1 tangible personal property without liability for the tax if
2 such property will be used in the performance of the
3 construction contract and a purchasing agent authorization
4 letter and an exemption certificate, issued by the designated
5 exempt entity, are presented to the retailer. Where the
6 owner, contractor, subcontractor, or builder is also a
7 retailer holding a retail sales tax permit and transacting
8 retail sales of building materials, supplies, and equipment,
9 the person shall purchase such items of tangible personal
10 property without liability for the tax if such property will
11 be subject to the tax at the time of resale or at the time it
12 is withdrawn from inventory for construction purposes. The
13 sales tax shall be due in the reporting period when the
14 materials, supplies, and equipment are withdrawn from
15 inventory for construction purposes or when sold at retail.
16 The tax shall not be due when materials are withdrawn from
17 inventory for use in construction outside of Iowa and the tax
18 shall not apply to tangible personal property purchased and
19 consumed by the manufacturer as building materials in the
20 performance by the manufacturer or its subcontractor of
21 construction outside of Iowa. The tax shall not be due when
22 materials are withdrawn from inventory for use in construction
23 performed for a designated exempt entity if an exemption
24 certificate is received from such entity.

25 For the purposes of this subsection, the sale of carpeting
26 is not a sale of building materials. The sale of carpeting to
27 owners, contractors, subcontractors, or builders shall be
28 treated as the sale of ordinary tangible personal property and
29 subject to the tax imposed under section 422.43, subsection 1,
30 and the tax imposed under section 423.2.

31 For purposes of this subsection, "designated exempt entity"
32 means an entity which is designated in section 422.45,
33 subsection 7.

34 16. The use within this state of tangible personal
35 property by the manufacturer thereof of such property, as

1 building materials, supplies, or equipment, in the performance
2 of construction contracts in Iowa, shall, for the purpose of
3 this division, be construed as a sale at retail thereof of
4 such property by the manufacturer who shall be deemed to be
5 the consumer of such tangible personal property. The tax
6 shall be computed upon the cost to the manufacturer of the
7 fabrication or production thereof of such property. However,
8 the tax shall not apply to tangible personal property
9 purchased and consumed by the manufacturer as building
10 materials, supplies, or equipment in the performance of a
11 construction contract for a designated exempt entity, as
12 defined in subsection 15, if a purchasing agent authorization
13 letter and an exemption certificate are received from such
14 entity and presented to the retailer.

15 Sec. 7. Section 422.45, Code Supplement 2001, is amended
16 by adding the following new subsection:

17 NEW SUBSECTION. 63. The gross receipts from the sale or
18 rental of tangible personal property or from services
19 performed, rendered, or furnished to a recognized community
20 action agency as provided in section 216A.93 to be used for
21 the purposes of the agency.

22 Sec. 8. Section 422.47, Code Supplement 2001, is amended
23 by adding the following new subsection:

24 NEW SUBSECTION. 5. For purposes of assisting retailers in
25 properly accounting for nontaxable sales of building
26 materials, supplies, and equipment to be used in the
27 performance of a construction contract for a designated exempt
28 entity, as defined in section 422.42, subsection 15, the
29 designated exempt entity shall issue a purchasing agent
30 authorization letter and an exemption certificate to the
31 contractor, subcontractor, builder, or manufacturer to be used
32 as provided in section 422.42, subsection 15 or 16. The
33 authorization letter and the exemption certificate shall
34 specify the construction project to which they apply and shall
35 be valid only for that project.

1 The designated exempt entity shall notify the department
2 that such authorization letter and exemption certificate have
3 been issued. The notification shall, to the extent
4 practicable, describe the project and identify the
5 contractors, subcontractors, builders, and manufacturers which
6 will be using the letter and certificate.

7 If a designated exempt entity is required by law to
8 advertise for bids with regard to the construction project,
9 the entity shall include in its notice to bidders that the
10 entity will issue an exemption certificate for the purchase or
11 use of building materials, supplies, and equipment that will
12 be used in the performance of the construction contract.

13 The provisions of subsection 3, paragraphs "b", "d", and
14 "e", to the extent not inconsistent with this subsection shall
15 apply to this subsection.

16 Sec. 9. Section 422.54, subsection 1, Code 2001, is
17 amended by adding the following new unnumbered paragraph:
18 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
19 with the department of management, may periodically change the
20 filing and remittance thresholds under sections 422.51 and
21 422.52 by administrative rule if in the best interest of the
22 state and the taxpayer to do so.

23 Sec. 10. Section 422B.10, subsection 2, paragraph a, Code
24 2001, is amended to read as follows:

25 a. The director of revenue and finance ~~within-fifteen-days~~
26 ~~of-the-beginning~~ by August 15 of each fiscal year shall send
27 to each city or county where the local option tax is imposed,
28 an estimate of the amount of tax moneys each city or county
29 will receive for the year and for each month of the year. At
30 the end of each month, the director may revise the estimates
31 for the year and remaining months.

32 Sec. 11. Section 422E.3, subsection 5, paragraph a, Code
33 Supplement 2001, is amended to read as follows:

34 a. The director of revenue and finance ~~within-fifteen-days~~
35 ~~of-the-beginning~~ by August 15 of each fiscal year shall send

1 to each school district where the tax is imposed an estimate
2 of the amount of tax moneys each school district will receive
3 for the year and for each month of the year. At the end of
4 each month, the director may revise the estimates for the year
5 and remaining months.

6 Sec. 12. Section 423.13, Code 2001, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
9 with the department of management, may periodically change the
10 filing and remittance thresholds by administrative rule if in
11 the best interest of the state and the taxpayer to do so.

12 Sec. 13. Section 425.7, subsection 3, unnumbered paragraph
13 2, Code Supplement 2001, is amended to read as follows:

14 If a claim is disallowed by the director of revenue and
15 finance and not appealed to the state board of tax review or
16 appealed to ~~and upheld by~~ the state board of tax review and a
17 ~~petition for judicial review is not filed with respect to the~~
18 disallowance thereafter upheld upon final resolution,
19 including any judicial review, any amounts of credits allowed
20 and paid from the homestead credit fund including the penalty,
21 if any, become a lien upon the property on which credit was
22 originally granted, if still in the hands of the claimant, and
23 not in the hands of a bona fide purchaser, and any amount so
24 erroneously paid including the penalty, if any, shall be
25 collected by the county treasurer in the same manner as other
26 taxes and the collections shall be returned to the department
27 of revenue and finance and credited to the homestead credit
28 fund. The director of revenue and finance may institute legal
29 proceedings against a homestead credit claimant for the
30 collection of payments made on disallowed credits and the
31 penalty, if any. If a person makes a false claim or affidavit
32 with fraudulent intent to obtain the homestead credit, the
33 person is guilty of a fraudulent practice and the claim shall
34 be disallowed in full. If the credit has been paid, the
35 amount of the credit plus a penalty equal to twenty-five

1 percent of the amount of credit plus interest, at the rate in
2 effect under section 421.7, from the time of payment shall be
3 collected by the county treasurer in the same manner as other
4 property taxes, penalty, and interest are collected and when
5 collected shall be paid to the director of revenue and
6 finance. If a homestead credit is disallowed and the claimant
7 failed to give written notice to the assessor as required by
8 section 425.2 when the property ceased to be used as a
9 homestead by the claimant, a civil penalty equal to five
10 percent of the amount of the disallowed credit is assessed
11 against the claimant.

12 Sec. 14. Section 426A.6, Code 2001, is amended to read as
13 follows:

14 426A.6 SETTING ASIDE ALLOWANCE.

15 If the director of revenue and finance determines that a
16 claim for military service tax exemption has been allowed by a
17 board of supervisors which is not justifiable under the law
18 and not substantiated by proper facts, the director may, at
19 any time within thirty-six months from July 1 of the year in
20 which the claim is allowed, set aside the allowance. Notice
21 of the disallowance shall be given to the county auditor of
22 the county in which the claim has been improperly granted and
23 a written notice of the disallowance shall also be addressed
24 to the claimant at the claimant's last known address. The
25 claimant or the board of supervisors may appeal to the state
26 board of tax review pursuant to section 421.1, subsection 4.
27 The claimant or the board of supervisors may seek judicial
28 review of the action of the state board of tax review in
29 accordance with chapter 17A. If a claim is disallowed by the
30 director of revenue and finance and not appealed to the state
31 board of tax review or appealed to and upheld by the state
32 board of tax review and ~~a petition for judicial review is not~~
33 ~~filed with respect to the disallowance~~ thereafter upheld upon
34 final resolution, including judicial review, the credits
35 allowed and paid from the general fund of the state become a

1 lien upon the property on which the credit was originally
2 granted, if still in the hands of the claimant and not in the
3 hands of a bona fide purchaser, the amount so erroneously paid
4 shall be collected by the county treasurer in the same manner
5 as other taxes, and the collections shall be returned to the
6 department of revenue and finance and credited to the general
7 fund of the state. The director of revenue and finance may
8 institute legal proceedings against a military service tax
9 exemption claimant for the collection of payments made on
10 disallowed exemptions.

11 Sec. 15. Section 426A.11, subsection 3, Code Supplement
12 2001, is amended to read as follows:

13 3. Where the word "veteran" appears in this chapter, it
14 includes, without limitation, the members of the United States
15 air force, ~~and the United States~~ merchant marine, and coast
16 guard.

17 Sec. 16. Section 427.1, subsection 5, Code Supplement
18 2001, is amended to read as follows:

19 5. PROPERTY OF ASSOCIATIONS OF WAR VETERANS. The property
20 of any organization composed wholly of veterans of any war,
21 when such property is devoted entirely to its own use and not
22 held for pecuniary profit. The operation of bingo games on
23 property of such organization shall not adversely affect the
24 exemption of that property under this subsection if all
25 proceeds, in excess of expenses, are used for the legitimate
26 purposes of the organization.

27 Sec. 17. Section 445.5, Code 2001, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 1A. If an equalization order was issued
30 by the state pursuant to section 441.47 for the assessment
31 year for which the taxes on the statement were calculated, for
32 each class of property for which an increase in assessed value
33 was ordered in the equalization order, the statement to each
34 taxpayer for that class of property shall contain the
35 following statement:

1 "As a result of state-ordered equalization of assessments,
2 the levy rate applied against your taxable valuation should
3 have decreased by \$(dollars and cents) per thousand dollars of
4 taxable value based on the budgets from the previous year. If
5 your statement does not reflect that decrease, it is because
6 of action taken by one or more local taxing authorities to
7 increase its budget from the previous year."

8 Sec. 18. Section 452A.2, Code Supplement 2001, is amended
9 by adding the following new subsection:

10 NEW SUBSECTION. 1A. "Biofuel" means an oxygenated product
11 derived from soybean oil, vegetable oil, or animal fats that
12 can be used in diesel engines or aircraft. Biofuel may be a
13 blend with diesel fuel or it may be one hundred percent
14 soybean oil, vegetable oil, or animal fats. Any biofuel
15 product is a special fuel.

16 Sec. 19. Section 452A.6, Code 2001, is amended to read as
17 follows:

18 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
19 BLENDER'S LICENSE.

20 A person other than a supplier, restrictive supplier, or
21 importer licensed under this division, who blends gasoline
22 with alcohol distilled from cereal grains so that the blend
23 contains at least ten percent alcohol distilled from cereal
24 grains, shall obtain a blender's license. A person who blends
25 two or more special fuel products or sells one hundred percent
26 biofuel shall obtain a blender's license. The license shall
27 be obtained by following the procedure under section 452A.4
28 and the license is subject to the same restrictions as
29 contained in that section. A blender shall maintain records
30 as required by section 452A.10 as to motor fuel, alcohol, and
31 ethanol blended gasoline, and special fuels.

32 Sec. 20. Section 452A.8, subsection 3, Code 2001, is
33 amended to read as follows:

34 3. For the purpose of determining the amount of the tax
35 liability on alcohol blended to produce ethanol blended

1 gasoline or a blend of special fuel products, each licensed
2 blender shall, not later than the last day of each month
3 following the month in which the blending is done, file with
4 the department a monthly return, signed under penalty for
5 false certificate, containing information required by rules
6 adopted by the director.

7 Sec. 21. Section 452A.9, Code 2001, is amended to read as
8 follows:

9 452A.9 RETURNS FROM PERSONS NOT LICENSED AS SUPPLIERS,
10 RESTRICTIVE SUPPLIERS, ~~OR~~ IMPORTERS OR BLENDERS.

11 Every person other than a licensed supplier, restrictive
12 supplier, ~~or importer~~ or blender, who purchases, brings into
13 this state, or otherwise acquires within this state motor fuel
14 or undyed special fuel, not otherwise exempted, which the
15 person has knowingly not paid or incurred liability to pay
16 either to a licensee or to a dealer the motor fuel or special
17 fuel tax, shall be subject to the provisions of this division
18 that apply to suppliers, restrictive suppliers, ~~and~~ importers
19 and blenders of motor fuel or undyed special fuel and shall
20 file the same returns and make the same tax payments and be
21 subject to the same penalties for delinquent filing or
22 nonfiling or delinquent payment or nonpayment as apply to
23 suppliers, restrictive suppliers, ~~and~~ importers and blenders.

24 Sec. 22. Section 452A.15, subsection 1, unnumbered
25 paragraph 1, Code 2001, is amended to read as follows:

26 Every railroad and common carrier or contract carrier
27 transporting motor fuel or special fuel either in interstate
28 or intrastate commerce within this state and every person
29 transporting motor fuel or special fuel by whatever manner
30 into this state shall, subject to penalties for false
31 certificate, report to the department all deliveries of motor
32 fuel or special fuel to points within this state other than
33 refineries or marine or pipeline terminals. If any supplier,
34 restrictive supplier, importer, blender, or distributor is
35 also engaged in the transportation of motor fuel or special

1 fuel for others, the supplier, restrictive supplier, importer,
2 blender, or distributor shall make the same reports as
3 required of common carriers and contract carriers.

4 Sec. 23. Section 452A.15, Code 2001, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 2A. Persons operating storage facilities
7 at a nonterminal location shall file a monthly report with the
8 department accounting for all motor fuel, alcohol, and special
9 fuel that is delivered into, stored within, withdrawn from, or
10 sold from the storage facility.

11 Sec. 24. Section 452A.15, Code 2001, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 4. The director may impose a civil
14 penalty against any person who fails to file the reports or
15 keep the records required under this section. The penalty
16 shall be one hundred dollars for the first violation and shall
17 increase by one hundred dollars for each additional violation
18 occurring in the calendar year in which the first violation
19 occurred.

20 Sec. 25. Section 452A.60, unnumbered paragraph 1, Code
21 2001, is amended to read as follows:

22 The department of revenue and finance or the state
23 department of transportation shall prescribe and furnish all
24 forms, as applicable, upon which reports, returns, and
25 applications shall be made and claims for refund presented
26 under this chapter and may prescribe forms of record to be
27 kept by suppliers, restrictive suppliers, importers,
28 exporters, blenders, common carriers, contract carriers,
29 licensed compressed natural gas and liquefied petroleum gas
30 dealers and users, terminal operators, nonterminal storage
31 facility operations, and interstate commercial motor vehicle
32 operators.

33 Sec. 26. Section 452A.62, subsection 2, unnumbered
34 paragraph 1, Code 2001, is amended to read as follows:

35 To examine the records, books, papers, receipts, and

1 invoices of any distributor, supplier, restrictive supplier,
2 importer, blender, exporter, terminal operator, licensed
3 compressed natural gas or liquefied petroleum gas dealer or
4 user, or any other person who possesses fuel upon which the
5 tax has not been paid to determine financial responsibility
6 for the payment of the taxes imposed by this chapter.

7 Sec. 27. Section 516D.3, subsection 6, paragraphs a and b,
8 Code 2001, are amended to read as follows:

9 a. Mandatory charge does not include an ~~optional-airport~~
10 ~~imposed~~ airport-imposed fee if the existence and amount of the
11 fee are clearly and conspicuously disclosed immediately
12 adjacent to any advertised rental price. The advertisement
13 ~~must-clearly-and-conspicuously-state-the-method-of-avoiding~~
14 ~~the-airport-access-fee-and-the~~ customer must be informed of
15 the amount of the fee when the reservation is made. When an
16 advertisement encompasses more than one rental location, the
17 fee may be expressed as the maximum fee or range of fees.

18 b. Mandatory charge does not include taxes imposed
19 directly upon the rental transaction by an authorized taxing
20 authority. ~~An-airport-imposed-fee-on-gross-receipts-or-an~~
21 ~~airport-access-fee-is-not-such-a-tax.~~

22 Sec. 28. Notwithstanding the filing deadline provided in
23 section 427.1, subsection 14, the filing deadline for
24 organizations, institutions, or societies required to file a
25 claim for a property tax exemption for the assessment year
26 beginning January 1, 2002, for taxes due and payable in the
27 fiscal year beginning July 1, 2003, shall be October 1, 2002.

28 Sec. 29. 2002 Iowa Acts, House File 2246, section 6, shall
29 not take effect July 1, 2002, but shall take effect March 29,
30 2002.

31 Sec. 30. Section 70A.17, Code 2001, is repealed.

32 Sec. 31. REFUNDS. If property taxes were paid on April 1,
33 2002, and interest was assessed upon the taxes, and if as a
34 result of the retroactive applicability of 2002 Iowa Acts,
35 House File 2246, section 6, such property taxes would not have

1 been delinquent on April 1, 2002, then the county shall refund
2 any interest assessed upon such property taxes.

3 Sec. 32. EFFECTIVE DATES.

4 1. The sections of this Act amending sections 422.42 and
5 422.47 take effect January 1, 2003, and apply to construction
6 contracts entered into on or after that date.

7 2. The section of this Act extending the time for filing a
8 claim for property tax exemptions by certain organizations,
9 institutions, or societies, being deemed of immediate
10 importance, takes effect upon enactment.

11 3. The section of this Act amending section 404.4,
12 relating to the exemption for urban revitalization, being
13 deemed of immediate importance, takes effect upon enactment
14 and applies retroactively to January 1, 2001, for claims for
15 exemptions made on or after that date.

16 4. The section of this Act amending 2002 Iowa Acts, House
17 File 2246, section 6, being deemed of immediate importance,
18 takes effect upon enactment and applies retroactively to March
19 29, 2002.

20

EXPLANATION

21 Code section 404.4 is amended to allow a taxpayer to file
22 for an urban revitalization property tax exemption up to two
23 years after the improvements are first assessed for taxation
24 and still receive the exemption for the total number of years
25 allowed in the exemption schedule.

26 Code chapter 421 is amended to provide for a new collection
27 method designated as new Code section 421.17B. The new method
28 is an administrative wage assignment. An administrative wage
29 assignment is an expedited means to collect outstanding debts
30 owed to the state of Iowa. This collection method is to be
31 used by the department after all administrative remedies are
32 waived or exhausted by the obligor. An administrative wage
33 assignment allows the department to use compensation that is
34 owed to an obligor for payment of wages to be applied against
35 a debt owed by the obligor to the state. The method is

1 similar in concept to the administrative levy process
2 authorized in Code section 421.17A enacted in 1995.

3 Code section 421.31(3) amends the powers and duties of the
4 director regarding the audit of claims. Currently, the
5 department is required to audit all claims. The proposed
6 change will require the director to set rules and procedures
7 for the preaudit of claims by an agency or organization.
8 Currently, agencies preaudit most of their claims. The change
9 also allows the department to refuse any incomplete or
10 incorrect claims and to audit claims as determined by the
11 director.

12 A new Code section 421.47 is created which authorizes the
13 department of revenue and finance to enter into agreements
14 with an Indian tribe to collect and distribute or refund a
15 state tax or a tribal tax. The new provision further provides
16 that if the department collects and distributes a tribal tax
17 on behalf of the Indian tribe, the department may charge a
18 mutually agreed-upon administrative fee. However, the
19 agreement is preempted by an Act of Congress that regulates
20 the collection of state taxes covered by the agreement.

21 Code sections 422.16(2), 422.54(1), and 423.13 authorize
22 the director, in cooperation with the department of
23 management, to change the filing and remittance thresholds as
24 they relate to income, sales, and use taxes if in the best
25 interest of the state and the taxpayer.

26 Code sections 422.42(15) and (16) and 422.47 are amended to
27 change the current method of imposing and refunding the sales
28 and use taxes on building materials, supplies, and equipment
29 used in a construction project for exempt entities. Under
30 current law, contractors are considered the consumer of
31 building materials, supplies, and equipment in the performance
32 of construction contracts and must pay the appropriate sales
33 or use tax. The tax is paid even if the construction contract
34 is with a state or local government agency, educational
35 institution, or other exempt entity. However, the agency,

1 institution, or other entity will receive a refund from the
2 state in the amount of sales and use taxes paid. The changes
3 to Code sections 422.42(15) and (16) and 422.47 provide for
4 the avoidance of the original payment of the sales or use tax
5 by authorizing the tax-exempt entity to issue an exemption
6 certificate so that the contractor may purchase the building
7 materials, supplies, and equipment tax-free or in the case
8 where a contractor is a retailer and does not pay the tax at
9 the time of purchase, the contractor would not pay the tax
10 when the materials, supplies, and equipment are withdrawn from
11 inventory. If the materials, supplies, and equipment are not
12 used for the project of the exempt entity, the contractor may
13 be subject to the penalties for perjury. The amendments also
14 provide that when an entity that is subject to public bidding
15 laws advertises for bids, the notice to bidders must contain a
16 provision that a tax exemption certificate for the purchase of
17 building materials, supplies, and equipment will be issued.
18 These amendments take effect January 1, 2003, and apply to
19 construction contracts entered into on or after that date.

20 Code section 422.45, new subsection 63, is enacted to
21 exempt from state sales and use taxes the sales and rentals of
22 tangible property and furnishing of services to community
23 action agencies for use by the agencies.

24 Code sections 422B.10(2) and 422E.3(5) are amended to
25 provide the director additional time to determine and notify
26 cities and counties of the estimated amount of local option
27 taxes they will be receiving in the fiscal year.

28 Code sections 425.7(3) and 426A.6 are amended to specify
29 the appeal process for the taxpayer if the director disallows
30 a claim for the homestead property tax credit or military
31 service property tax exemption, respectively.

32 Code section 425A.4 is amended to permit the director to
33 disallow invalid claims for the family farm property tax
34 credit. The director has this authority for homestead tax
35 credits, military service tax credits, and tax credits for the

1 elderly and disabled. The director also has the authority to
2 revoke property tax exemptions allowed by local government
3 taxing officials that are found to have been allowed contrary
4 to law.

5 Code section 426A.11(3) is amended to add members of the
6 United States coast guard as eligible veterans for purposes of
7 receiving the military service property tax exemption.

8 Code section 427.1(5) is amended to provide that the
9 operation of bingo games on property of a veterans
10 organization does not affect the property tax exemption of the
11 property if the proceeds in excess of expenses are used for
12 the legitimate purposes of the organization.

13 Code section 445.5, new subsection 1A, is enacted to
14 require that the property tax statement shall contain a
15 statement to the effect that if the valuations of the
16 taxpayer's class of property have increased as a result of
17 state equalization then the taxpayer's tax rate should
18 decrease based on the budgets for the previous year and that
19 if the rates have not, it is because of the increase in local
20 taxing authorities' budgets.

21 Code section 452A.2, new subsection 1A, is enacted to
22 define biofuel as an oxygenated product derived from soybean
23 oil, vegetable oil, or animal fats that can be used in diesel
24 engines or aircraft and to specify that any biofuel product or
25 biofuel blend with diesel fuel is a special fuel for purposes
26 of the tax on fuels. Code sections 452A.6, 452A.8(3), 452A.9,
27 452A.15, 452A.60, and 452A.62(2) are amended to make
28 coordinating changes to effectuate the tax on biofuel.

29 Code section 452A.15 is amended to impose a penalty for
30 failure to file required reports against persons transporting
31 fuel, operating storage facilities, or operating refineries in
32 Iowa. The department uses these reports to track fuel
33 movements but they are often not filed because there is no
34 penalty for failure to do so.

35 Code section 516D.3(6) is amended to change the definition

1 of "mandatory charge" under the Iowa car rental and collision
2 damage waiver chapter. The amendment excludes airport-imposed
3 fees from the definition if the amount of the fee is clearly
4 and conspicuously disclosed and the customer is informed of
5 the amount, and excludes airport-imposed fees on gross
6 receipts or airport access fee.

7 Code section 70A.17 is repealed to eliminate the director's
8 authority to withhold insurance premiums payable for other
9 than a state-sponsored insurance program at the request of the
10 state employee and to remit the amount withheld to the
11 insurance company designated by the employee.

12 This bill adds a noncode provision that extends the
13 deadline by which a statement of objects and uses must be
14 filed for certain organizations and institutions claiming a
15 property tax exemption. The filing deadline is extended from
16 February 1 to October 1, but only for the 2002 assessment
17 year, which is for taxes due and payable in the fiscal year
18 beginning July 1, 2003. The organizations and institutions
19 include veterans organizations and literary, scientific,
20 charitable, benevolent, agricultural, and religious
21 institutions. The provision takes effect upon enactment.

22 The bill amends 2002 Iowa Acts, House File 2246, to make
23 the amendment to Code section 445.37 effective March 29, 2002.
24 The bill also provides that property taxes paid on April 1,
25 2002, will not be considered delinquent and the county is to
26 refund any interest assessed upon property taxes paid on April
27 1, 2002.

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1 Amend House File 2622 as follows:
2 1. Page 12, by inserting after line 22, the
3 following:
4 "Sec. ____ . Section 422.74, Code 2001, is amended
5 by adding the following new unnumbered paragraph:
6 NEW UNNUMBERED PARAGRAPH. There is annually
7 appropriated from moneys in the general fund of the
8 state not otherwise appropriated the sum of one
9 hundred sixty thousand dollars for data processing
10 staff for purposes of processing state tax returns."
11 2. Page 20, by inserting after line 19 the
12 following:
13 " ____ . The section of this Act amending section
14 422.74, being deemed of immediate importance, takes
15 effect upon enactment and applies to fiscal years
16 beginning on or after July 1, 2001."

By RICHARDSON of Warren

H-8569 FILED APRIL 9, 2002

lost
4-9-02
(p. 1282)

HOUSE FILE 2622

H-8570

1 Amend House File 2622 as follows:
2 1. By striking page 15, line 27 through page 16,
3 line 7.

By SHOULTZ of Black Hawk
BELL of Jasper

H-8570 FILED APRIL 9, 2002

Adopted
4/9/02
(p. 1283)

HOUSE FILE 2622

H-8574

1 Amend House File 2622 as follows:

2 1. Page 9, by inserting after line 19 the
3 following:

4 "Sec. ____ . Section 421.60, subsection 2, paragraph
5 m, subparagraphs (1) and (3), Code 2001, are amended
6 to read as follows:

7 (1) The director ~~may~~ shall abate unpaid state
8 sales and use taxes and local sales and services taxes
9 owed by a retailer in the event that the retailer
10 failed to collect tax from the purchaser or owed by a
11 purchaser in the event that the purchaser failed to
12 pay the tax to a retailer as a result of erroneous
13 written advice issued by the department that was
14 specially directed to the retailer or purchaser, as
15 applicable, by the department and the retailer is
16 ~~unable to collect the tax, interest, or penalties from~~
17 ~~the purchaser.~~ Before the tax, interest, and
18 penalties shall be abated on the basis of erroneous
19 written advice, the ~~retailer~~ person must present a
20 copy of the ~~retailer's~~ person's request for written
21 advice to the department and a copy of the
22 department's reply. The department shall not maintain
23 a position against the ~~retailer~~ person that is
24 inconsistent with the erroneous written advice, except
25 on the basis of subsequent written advice sent by the
26 department to that ~~retailer~~ person, or a change in
27 state or federal law, a reported court case to the
28 contrary, a contrary rule adopted by the department, a
29 change in material facts or circumstances relating to
30 the ~~retailer~~ person, or the ~~retailer's~~ person's
31 misrepresentation or incomplete or inadequate
32 representation of material facts and circumstances in
33 requesting the written advice.

34 (3) The director shall prepare quarterly reports
35 summarizing each case in which abatement of tax,
36 interest, or penalties was made. However, the report
37 shall not disclose the identity of the taxpayer. An
38 abatement authorized by this paragraph to a retailer
39 shall ~~not~~ preclude the department from proceeding to
40 collect the liability from a purchaser."

41 2. Page 20, by inserting after line 2 the
42 following:

43 "Sec. ____ . REFUNDS. Refunds of taxes, interest,
44 or penalties which arise from claims resulting from
45 the amendment to section 421.60, subsection 2,
46 paragraph "m", subparagraphs (1) and (3), in this Act,
47 for sales for which erroneous written advice was
48 issued by the department to the claimant between
49 October 1, 1999, and the enactment of the amendment to
50 section 421.60, subsection 2, paragraph "m", in this

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1 Act, shall not be allowed unless refund claims are
2 filed prior to October 1, 2002."

3 3. Page 20, by inserting after line 19 the
4 following:

5 "____. The section of this Act amending section
6 421.60, subsection 2, paragraph "m", relating to the
7 abatement of sales and use taxes and local sales and
8 services taxes, being deemed of immediate importance,
9 takes effect upon enactment and applies retroactively
10 to October 1, 1999."

By WISE of Lee

H-8574 FILED APRIL 9, 2002

adopted

4/9/02

(p. 1280)

HOUSE FILE 2622

H-8575

1 Amend House File 2622 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section. 1. NEW SECTION. 298B.1 SCHOOL DISTRICT
5 SALES TAX FUND.

6 1. A school district sales tax fund is created as
7 a separate and distinct fund in the state treasury
8 under the control of the department of revenue and
9 finance. Moneys in the fund include revenues credited
10 to the fund pursuant to section 422.69, subsection 2,
11 appropriations made to the fund, and other moneys
12 deposited into the fund. The moneys credited in a
13 fiscal year to the fund shall be distributed as
14 follows:

15 a. (1) A school district located in whole or in
16 part in a county that voted on and approved prior to
17 March 31, 2002, the local sales and services tax for
18 school infrastructure purposes under chapter 422E
19 shall receive an amount equal to its guaranteed school
20 infrastructure amount as calculated under subsection 2
21 if the board of directors notifies the director of
22 revenue and finance that the school district wants to
23 receive its guaranteed school infrastructure amount.
24 The notification shall be provided by July 1, 2003.
25 If notification is not received by July 1, 2003, the
26 school district shall receive moneys pursuant to
27 paragraph "b". Nothing in this chapter shall prevent
28 a school district from using its guaranteed school
29 infrastructure amount to pay principal and interest on
30 obligations issued pursuant to section 422E.4.

31 (2) A school district receiving moneys pursuant to
32 subparagraph (1) shall cease to receive its guaranteed
33 school infrastructure amount and shall receive moneys
34 pursuant to paragraph "b" starting with the calendar
35 quarter immediately following the calendar quarter in
36 which occurs the end of the original ten-year period
37 or the date listed on the original ballot proposition,
38 whichever is the earlier, as provided in chapter 422E.
39 However, a school district receiving moneys pursuant
40 to subparagraph (1) may elect at anytime to receive
41 moneys pursuant to paragraph "b" by providing
42 notification to receive moneys pursuant to paragraph
43 "b" to the director of revenue and finance and the
44 director of the department of management by the middle
45 of the fifth month preceding the calendar quarter for
46 which the election will apply. Once a school district
47 makes this election it is irrevocable.

48 b. (1) Moneys remaining after computations made
49 pursuant to paragraph "a" shall be distributed to
50 school districts not receiving moneys under paragraph

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1 "a" on a per student basis calculated by the director
2 of revenue and finance by dividing the moneys
3 available during the previous calendar quarter by the
4 combined actual enrollment for all school districts
5 receiving distributions under this paragraph.

6 (2) The combined actual enrollment for school
7 districts, for purposes of subparagraph (1), shall be
8 calculated by adding together the actual enrollment
9 for each school district receiving distributions under
10 subparagraph (1) as determined by the department of
11 management based on the actual enrollment figures
12 reported by October 1 to the department of management
13 by the department of education pursuant to section
14 257.6, subsection 1. The combined actual enrollment
15 count shall be forwarded to the director of revenue
16 and finance by January 1, annually, for purposes of
17 supplying estimated tax payment figures and making tax
18 payments pursuant to subsection 3 for the following
19 four calendar quarters.

20 2. a. For purposes of distributions under
21 subsection 1, paragraph "a", the school district's
22 guaranteed school infrastructure amount shall be
23 calculated according to the following formula:

24 The district's guaranteed school infrastructure
25 amount equals the product of the county guaranteed
26 school infrastructure amount times the district's
27 county actual enrollment divided by the county
28 combined actual enrollment.

29 b. For purposes of the formula in paragraph "a":

30 (1) "Base year" means the fiscal year beginning
31 July 1, 2001.

32 (2) "Base year county taxable sales percentage"
33 means the percentage that the taxable sales in the
34 county during the base year is of the total state
35 taxable sales during the base year.

36 (3) "County combined actual enrollment" means the
37 actual enrollment figures determined by the department
38 of management for the county based on the actual
39 enrollment figures reported by October 1 to the
40 department of management by the department of
41 education pursuant to section 257.6, subsection 1.

42 (4) "County guaranteed school infrastructure
43 amount" means an amount equal to the product of the
44 county's chapter 422E proportionate share times the
45 amount deposited in the school district sales tax fund
46 for the current quarter times the current quarter
47 county taxable sales percentage divided by the base
48 year county taxable sales percentage.

49 (5) "County's chapter 422E proportionate share"
50 means the percentage that the annualized revenues

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1 received or which would have been received in the
2 county under chapter 422E for the base year is of one-
3 fifth of the total state sales tax revenues collected
4 for deposit into the general fund of the state for the
5 base year.

6 (6) "Current quarter" means the calendar quarter
7 for which distributions under this section are being
8 made.

9 (7) "Current quarter county taxable sales
10 percentage" means the percentage that the taxable
11 sales in the county during the current quarter is of
12 the total state taxable sales during the current
13 quarter.

14 (8) "District's county actual enrollment" means
15 the actual enrollment of the school district that
16 attends school in the county for which the county
17 combined actual enrollment is determined.

18 (9) "Taxable sales" means sales subject to the
19 state sales and services tax under chapter 422,
20 division IV.

21 3. a. The director of revenue and finance by
22 April 10 preceding each fiscal year shall send to each
23 school district an estimate of the amount of tax
24 moneys each school district will receive for the year
25 and for each quarter of the year. At the end of each
26 quarter, the director may revise the estimates for the
27 year and remaining quarters.

28 b. The director shall remit ninety-five percent of
29 the estimated tax receipts collected during the
30 previous calendar quarter for the school district to
31 the school district on or before the end of the
32 following calendar quarter. The first distributions
33 shall be made on or before July 1, 2003, of the
34 estimated tax receipts collected during the calendar
35 quarter beginning January 1, 2003, and ending March
36 31, 2003.

37 c. The director shall remit a final payment of the
38 remainder of tax moneys due for the fiscal year before
39 November 10 of the next fiscal year. If an
40 overpayment has resulted during the previous fiscal
41 year, the November payment shall be adjusted to
42 reflect any overpayment.

43 d. If the distributions are to school districts
44 described in subsection 1, paragraph "a", the payments
45 to these school districts shall be made on a monthly
46 basis beginning with the first distribution to be made
47 in February 2003.

48 4. The department of revenue and finance has
49 rulemaking authority for purposes of carrying out the
50 provisions of this section.

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1 Sec. 104. NEW SECTION. 298B.2 USE OF SCHOOL
2 DISTRICT SALES TAX FUND MONEYS.
3 1. a. A school district receiving moneys from the
4 school district sales tax fund under section 298B.1,
5 subsection 1, paragraph "a", shall use the moneys as
6 provided on the original ballot proposition pursuant
7 to chapter 422E, for the payment of principal and
8 interest on general obligation bonds issued pursuant
9 to chapter 296, or section 298.20 or loan agreements
10 under section 297.36, for payments made pursuant to
11 real property lease or lease-purchase agreements, or
12 for payment of principal and interest on bonds issued
13 under section 298B.3 or 422E.4.
14 b. If a school district that qualifies to receive
15 a guaranteed school infrastructure amount under
16 section 298B.1, subsection 1, paragraph "a", elects to
17 receive moneys under section 298B.1, subsection 1,
18 paragraph "b", the school district shall use the
19 moneys received, in an amount equal to its guaranteed
20 school infrastructure amount, for the purposes
21 provided in paragraph "a" of this subsection until the
22 fiscal year immediately following the fiscal year in
23 which occurs the end of the original ten-year period
24 or the date listed on the original ballot proposition,
25 whichever is the earlier, as provided in chapter 422E,
26 at which time all moneys received shall be used as
27 provided in subsection 2.
28 2. a. Moneys received by a school district from
29 the school district sales tax fund under section
30 298B.1, subsection 1, paragraph "b", except to the
31 extent provided in subsection 1, paragraph "b", of the
32 section, shall be spent for property tax relief or
33 infrastructure purposes according to an infrastructure
34 plan developed by the board of directors. The
35 infrastructure plan may apply to more than one fiscal
36 year, but shall be reviewed periodically by the board
37 of directors. Prior to adoption of the plan, the
38 board of directors shall hold a public hearing on the
39 question of approval of the proposed plan. The board
40 shall set forth its proposal and shall publish the
41 notice of the time and place of a public hearing on
42 the proposed plan. Notice of the time and place of
43 the public hearing shall be published not less than
44 ten nor more than twenty days before the public
45 hearing in a newspaper which is a newspaper of general
46 circulation in the school district. At the hearing,
47 or no later than thirty days after the date of the
48 hearing, the board shall take action to adopt the
49 proposed plan.
50 b. If the board adopts the plan, the board shall

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1 direct the county commissioner of elections to submit
2 the question of the approval or disapproval of the
3 infrastructure plan to the registered voters of the
4 school district at the next following regular school
5 election or a special election. If a majority of
6 those voting on the question favor the plan of the
7 board, the moneys received shall be used according to
8 the plan beginning with the first fiscal year
9 following that election until a change in the plan is
10 approved at a subsequent election by a majority of
11 those voting on the question. If a majority of those
12 voting on the question at the election does not favor
13 the plan of the board, the district shall use the
14 moneys received as provided in paragraph "c" for the
15 fiscal year.

16 If a plan is not approved at an election, the
17 question of the approval of the plan or any part of
18 that plan shall not be submitted to the registered
19 voters sooner than six months from the date the plan
20 or part of the plan was previously submitted.

21 c. If the infrastructure plan is not approved at
22 an election as provided in paragraph "b", or if a plan
23 is not approved by the board, moneys received by a
24 school district or moneys in excess of those needed
25 for infrastructure purposes according to an approved
26 plan shall be used for the fiscal year to reduce the
27 following levies including income surtax, if any, in
28 the order determined by the board:

29 (1) Bond levies under sections 298.18 and 298.18A
30 and all other debt levies until the moneys received or
31 the levies are reduced to zero.

32 (2) The regular physical plant and equipment levy
33 under section 298.2, until the moneys received or the
34 levy is reduced to zero.

35 (3) The voter-approved physical plant and
36 equipment levy and income surtax, if any, under
37 section 298.2, until the moneys received or the levy
38 and income surtax, if any, is reduced to zero.

39 (4) The district management levy under section
40 298.4, until the moneys received or the levy is
41 reduced to zero.

42 (5) The cash reserve levy under section 298.10,
43 until the moneys received or the levy is reduced to
44 zero.

45 (6) The budget adjustment levy under section
46 257.14, until the moneys received or the levy is
47 reduced to zero.

48 (7) The playground and equipment levy under
49 section 300.2, until the moneys received or the levy
50 is reduced to zero.

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1 d. For purposes of this subsection,
2 "infrastructure purposes" means those purposes for
3 which a school district is authorized to contract
4 indebtedness and issue general obligation bonds under
5 chapter 296 or to expend tax revenues under section
6 298.3, the payment of principal and interest on
7 general obligation bonds issued under chapter 296 or
8 section 298.20 or loan agreements under section
9 297.36, payments made pursuant to a real property
10 lease or lease-purchase agreement, or the payment of
11 principal and interest on bonds issued under section
12 298.3 or 422E.4.

13 e. Notwithstanding any other provision in this
14 subsection, moneys received by a school district from
15 the school district sales tax fund under section
16 298B.1, subsection 1, paragraph "b", during the fiscal
17 year beginning July 1, 2002, shall be dedicated for
18 property tax relief by reducing the levies specified
19 in paragraph "c" for taxes payable in the fiscal year
20 beginning July 1, 2003. However, if an infrastructure
21 plan is approved at an election by the required
22 majority of those voting prior to April 15, 2003, any
23 amount of such dedicated moneys may be used for the
24 purposes specified under the plan.

25 Sec. 105. NEW SECTION. 298B.3 BONDING.

26 A school district receiving moneys pursuant to
27 section 298B.1, subsection 1, paragraph "a", or a
28 school district receiving moneys pursuant to section
29 298B.1, subsection 1, paragraph "b", which has
30 approved by election the use of the moneys for
31 infrastructure purposes, may anticipate the amount of
32 moneys to be received pursuant to section 298B.1 as
33 provided in this section.

34 The board of directors of a school district may
35 issue negotiable, interest-bearing school bonds,
36 without an additional election, and utilize tax
37 receipts derived from the school district sales tax
38 fund for principal and interest repayment. Proceeds
39 of the bonds issued pursuant to this section shall be
40 utilized solely for infrastructure purposes as defined
41 in section 298B.2, subsection 2.

42 Bonds issued under this section may be sold at
43 public sale as provided in chapter 75. Notice shall
44 be given and a hearing shall be held as provided in
45 section 73A.12. Bonds may bear dates, bear interest
46 at rates not exceeding that permitted by chapter 74A,
47 mature in one or more installments, be in either
48 coupon or registered form, carry registration and
49 conversion privileges, be payable as to principal and
50 interest at times and places, be subject to terms of

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1 redemption prior to maturity with or without premium,
2 and be in one or more denominations, all as provided
3 by the resolution of the board of directors
4 authorizing their issuance. However, the maximum
5 period during which principal on the bonds is payable
6 shall not exceed the length of time the infrastructure
7 plan is valid. The resolution may also prescribe
8 additional provisions, terms, conditions, and
9 covenants which the board of directors deems
10 advisable, including provisions for creating and
11 maintaining reserve funds, the issuance of additional
12 bonds ranking on a parity with such bonds and
13 additional bonds junior and subordinate to such bonds,
14 and that such bonds shall rank on a parity with or be
15 junior and subordinate to any bonds which may be then
16 outstanding. Bonds may be issued to refund
17 outstanding and previously issued bonds under this
18 section. Bonds are a contract between the school
19 district and holders, and the resolution issuing the
20 bonds and pledging tax revenues to be received from
21 the school district sales tax fund to the payment of
22 principal and interest on the bonds is a part of the
23 contract. Bonds issued pursuant to this section shall
24 not constitute indebtedness within the meaning of any
25 constitutional or statutory debt limitation or
26 restriction, and shall not be subject to any other law
27 relating to the authorization, issuance, or sale of
28 bonds.

29 A school district may enter into a chapter 28E
30 agreement with another school district or other public
31 entity. The school district shall only expend its
32 designated portion of tax revenues to be received from
33 the school district sales tax fund.

34 Sec. 106. NEW SECTION. 298B.4 REPEAL.

35 This chapter is repealed July 1, 2022, for fiscal
36 years beginning on or after that date."

37 2. Page 11, by inserting after line 14 the
38 following:

39 "Sec. 107. Section 422.43, subsections 1, 2, 4, 5,
40 6, 7, 10, and 12, Code Supplement 2001, are amended to
41 read as follows:

42 1. There is imposed a tax of ~~five~~ six percent upon
43 the gross receipts from all sales of tangible personal
44 property, consisting of goods, wares, or merchandise,
45 except as otherwise provided in this division, sold at
46 retail in the state to consumers or users; a like rate
47 of tax upon the gross receipts from the sales,
48 furnishing, or service of gas, electricity, water,
49 heat, pay television service, and communication
50 service, including the gross receipts from such sales

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1 by any municipal corporation or joint water utility
2 furnishing gas, electricity, water, heat, pay
3 television service, and communication service to the
4 public in its proprietary capacity, except as
5 otherwise provided in this division, when sold at
6 retail in the state to consumers or users; a like rate
7 of tax upon the gross receipts from all sales of
8 tickets or admissions to places of amusement, fairs,
9 and athletic events except those of elementary and
10 secondary educational institutions; a like rate of tax
11 on the gross receipts from an entry fee or like charge
12 imposed solely for the privilege of participating in
13 an activity at a place of amusement, fair, or athletic
14 event unless the gross receipts from the sales of
15 tickets or admissions charges for observing the same
16 activity are taxable under this division; and a like
17 rate of tax upon that part of private club membership
18 fees or charges paid for the privilege of
19 participating in any athletic sports provided club
20 members.

21 2. There is imposed a tax of ~~five~~ six percent upon
22 the gross receipts derived from the operation of all
23 forms of amusement devices and games of skill, games
24 of chance, raffles, and bingo games as defined in
25 chapter 99B, operated or conducted within the state,
26 the tax to be collected from the operator in the same
27 manner as for the collection of taxes upon the gross
28 receipts of tickets or admission as provided in this
29 section. The tax shall also be imposed upon the gross
30 receipts derived from the sale of lottery tickets or
31 shares pursuant to chapter 99E. The tax on the
32 lottery tickets or shares shall be included in the
33 sales price and distributed to the general fund as
34 provided in section 99E.10.

35 4. There is imposed a tax of ~~five~~ six percent upon
36 the gross receipts from the sales of engraving,
37 photography, retouching, printing, and binding
38 services. For the purpose of this division, the sales
39 of engraving, photography, retouching, printing, and
40 binding services are sales of tangible property.

41 5. There is imposed a tax of ~~five~~ six percent upon
42 the gross receipts from the sales of vulcanizing,
43 recapping, and retreading services. For the purpose
44 of this division, the sales of vulcanizing, recapping,
45 and retreading services are sales of tangible
46 property.

47 6. There is imposed a tax of ~~five~~ six percent upon
48 the gross receipts from the sales of optional service
49 or warranty contracts, except residential service
50 contracts regulated under chapter 523C, which provide

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1 for the furnishing of labor and materials and require
2 the furnishing of any taxable service enumerated under
3 this section. The gross receipts are subject to tax
4 even if some of the services furnished are not
5 enumerated under this section. For the purpose of
6 this division, the sale of an optional service or
7 warranty contract, other than a residential service
8 contract regulated under chapter 523C, is a sale of
9 tangible personal property. Additional sales,
10 services, or use taxes shall not be levied on
11 services, parts, or labor provided under optional
12 service or warranty contracts which are subject to tax
13 under this section.

14 If the optional service or warranty contract is a
15 computer software maintenance or support service
16 contract and there is no separately stated fee for the
17 taxable personal property or for the nontaxable
18 service, the tax of ~~five~~ six percent imposed by this
19 subsection shall be imposed on fifty percent of the
20 gross receipts from the sale of such contract. If the
21 contract provides for technical support services only,
22 no tax shall be imposed under this subsection. The
23 provisions of this subsection also apply to the tax
24 imposed by chapter 423.

25 7. There is imposed a tax of ~~five~~ six percent upon
26 the gross receipts from the renting of rooms,
27 apartments, or sleeping quarters in a hotel, motel,
28 inn, public lodging house, rooming house, manufactured
29 or mobile home which is tangible personal property, or
30 tourist court, or in any place where sleeping
31 accommodations are furnished to transient guests for
32 rent, whether with or without meals. "Renting" and
33 "rent" include any kind of direct or indirect charge
34 for such rooms, apartments, or sleeping quarters, or
35 their use. For the purposes of this division, such
36 renting is regarded as a sale of tangible personal
37 property at retail. However, this tax does not apply
38 to the gross receipts from the renting of a room,
39 apartment, or sleeping quarters while rented by the
40 same person for a period of more than thirty-one
41 consecutive days.

42 10. There is imposed a tax of ~~five~~ six percent
43 upon the gross receipts from the rendering,
44 furnishing, or performing of services as defined in
45 section 422.42.

46 12. A tax of ~~five~~ six percent is imposed upon the
47 gross receipts from the sales of prepaid telephone
48 calling cards and prepaid authorization numbers. For
49 the purpose of this division, the sales of prepaid
50 telephone calling cards and prepaid authorization

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1 numbers are sales of tangible personal property.

2 Sec. 108. Section 422.43, subsection 13, paragraph
3 a, unnumbered paragraph 1, Code Supplement 2001, is
4 amended to read as follows:

5 A tax of ~~five~~ six percent is imposed upon the gross
6 receipts from the sales, furnishing, or service of
7 solid waste collection and disposal service.

8 Sec. 109. Section 422.43, subsections 16 and 17,
9 Code Supplement 2001, are amended to read as follows:

10 16. a. A tax of ~~five~~ six percent is imposed upon
11 the gross receipts from sales of bundled services
12 contracts. For purposes of this subsection, a
13 "bundled services contract" means an agreement
14 providing for a retailer's performance of services,
15 one or more of which is a taxable service enumerated
16 in this section and one or more of which is not, in
17 return for a consumer's or user's single payment for
18 the performance of the services, with no separate
19 statement to the consumer or user of what portion of
20 that payment is attributable to any one service which
21 is a part of the contract.

22 b. For purposes of the administration of the tax
23 on bundled services contracts, the director may enter
24 into agreements of limited duration with individual
25 retailers, groups of retailers, or organizations
26 representing retailers of bundled services contracts.
27 Such an agreement shall impose the tax rate only upon
28 that portion of the gross receipts from a bundled
29 services contract which is attributable to taxable
30 services provided under the contract.

31 17. A tax of ~~five~~ six percent is imposed upon the
32 gross receipts from any mobile telecommunication
33 service which this state is allowed to tax by the
34 provisions of the federal Mobile Telecommunications
35 Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 116 et
36 seq. For purposes of this subsection, taxes on mobile
37 telecommunications service, as defined under the
38 federal Mobile Telecommunications Sourcing Act, that
39 are deemed to be provided by the customer's home
40 service provider shall be paid to the taxing
41 jurisdiction whose territorial limits encompass the
42 customer's place of primary use, regardless of where
43 the mobile telecommunication service originates,
44 terminates, or passes through and shall in all other
45 respects be taxed in conformity with the federal
46 Mobile Telecommunications Sourcing Act. All other
47 provisions of the federal Mobile Telecommunications
48 Sourcing Act are adopted by the state of Iowa and
49 incorporated into this subsection by reference. With
50 respect to mobile telecommunication service under the

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1 federal Mobile Telecommunications Sourcing Act the
2 director shall, if requested, enter into agreements
3 consistent with the provisions of the federal Act.

4 Sec. 110. Section 422.43, Code Supplement 2001, is
5 amended by adding the following new subsection:

6 NEW SUBSECTION. 18. The sales tax rate of six
7 percent is reduced to five percent on July 1, 2022."

8 3. Page 11, by inserting after line 21 the
9 following:

10 "Sec. 111. Section 422.47, Code Supplement 2001,
11 is amended by adding the following new subsection:

12 NEW SUBSECTION. 2. Construction contractors may
13 make application to the department for a refund of the
14 additional one percent tax paid under this division by
15 reason of the increase in the tax from five to six
16 percent for taxes paid on goods, wares, or merchandise
17 under the following conditions:

18 a. The goods, wares, or merchandise are
19 incorporated into an improvement to real estate in
20 fulfillment of a written contract fully executed prior
21 to January 1, 2003. The refund shall not apply to
22 equipment transferred in fulfillment of a mixed
23 construction contract.

24 b. The contractor has paid to the department or to
25 a retailer the full six percent tax.

26 c. The claim is filed on forms provided by the
27 department and is filed within one year of the date
28 the tax is paid.

29 A contractor who makes an erroneous application for
30 refund shall be liable for payment of the excess
31 refund paid plus interest at the rate in effect under
32 section 421.7. In addition, a contractor who
33 willfully makes a false application for refund is
34 guilty of a simple misdemeanor and is liable for a
35 penalty equal to fifty percent of the excess refund
36 claimed. Excess refunds, penalties, and interest due
37 under this subsection may be enforced and collected in
38 the same manner as the tax imposed by this division."

39 4. Page 12, by inserting after line 22 the
40 following:

41 "Sec. 112. Section 422.69, subsection 2, Code
42 2001, is amended to read as follows:

43 2. a. ~~Unless~~ Except as provided in paragraph "b",
44 or as otherwise provided, the fees, taxes, interest,
45 and penalties collected under this chapter shall be
46 credited to the general fund.

47 b. One-sixth of the fees, taxes, interest, and
48 penalties collected pursuant to division IV shall be
49 credited to the school district sales tax fund created
50 in section 298B.1. This paragraph is repealed July 1,

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1 2022."

2 5. By striking page 12, line 32 through page 13,
3 line 5 and inserting the following:

4 "Sec. 113. Section 422E.1, Code 2001, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 4. a. This chapter does not
7 apply to any county after the effective date of this
8 section of this Act, except to the extent provided in
9 paragraph "b". Any election on the imposition of the
10 local sales and services tax scheduled to be held on
11 or after the effective date of this section of this
12 Act shall not be held.

13 b. A county that has voted on and approved prior
14 to March 31, 2002, a local sales and services tax for
15 school infrastructure purposes shall impose the tax
16 until December 31, 2002. However, the increase in the
17 state sales and services tax under chapter 422,
18 division IV, from five percent on January 1, 2003, to
19 six percent shall replace the county's local sales and
20 services tax for school infrastructure purposes and to
21 this extent the local sales and services tax for
22 school infrastructure purposes is repealed."

23 6. Page 20, by inserting after line 2 the
24 following:

25 "Sec. 114. APPLICABILITY. This section applies in
26 regard to the increase in the state sales tax from
27 five to six percent. The six percent rate applies to
28 all sales of taxable personal property, consisting of
29 goods, wares, or merchandise if delivery occurs on or
30 after January 1, 2003. The six percent rate applies
31 to the gross receipts from the sale, furnishing, or
32 service of gas, electricity, water, heat, pay
33 television service, and communication service if the
34 date of billing the customer is on or after January 1,
35 2003. In the case of a service contract entered into
36 prior to January 1, 2003, which contract calls for
37 periodic payments, the six percent rate applies to
38 those payments made or due on or after January 1,
39 2003. This periodic payment applies, but is not
40 limited to, tickets or admissions, private club
41 membership fees, sources of amusement, equipment
42 rental, dry cleaning, reducing salons, dance schools,
43 and all other services subject to tax, except the
44 aforementioned utility services which are subject to a
45 special transitional rule. Unlike periodic payments
46 under service contracts, installment sales of goods,
47 wares, and merchandise are subject to the full amount
48 of sales or use tax when the sales contract is entered
49 into."

50 7. Page 20, by inserting after line 19 the

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1 following:

2 "___ Sections 1, 104, and 113 of this Act,
3 enacting sections 298B.1 and 298B.2 and section
4 422E.1, subsection 4, being deemed of immediate
5 importance, take effect upon enactment.

6 ___ Sections 107, 108, 109, 111, and 112 of this
7 Act, amending section 422.43, increasing the sales
8 tax, and sections 422.47 and 422.69, take effect
9 January 1, 2003."

10 8. Title page, line 5, by inserting after the
11 word "taxes," the following: "increasing state sales
12 tax revenues to be used by school districts for
13 property tax relief and infrastructure purposes if
14 approved by the vote of the electorate, providing a
15 penalty,".

By RICHARDSON of Warren

H-8575 FILED APRIL 9, 2002

W/O

4/9/02

(p. 1279)

HOUSE FILE 2622

H-8582

1 Amend House File 2622 as follows:
2 1. Page 19, by inserting after line 31 the
3 following:
4 "Sec. ____ ABATEMENT OF PROPERTY TAXES.
5 Notwithstanding the requirement for the filing of a
6 claim for property tax exemption by April 15 as
7 provided in section 427.1, subsection 14, Code
8 Supplement 1999, the board of supervisors of a county
9 having a population based upon the latest federal
10 census of more than one hundred eighty thousand but
11 not more than two hundred thousand shall abate the
12 property taxes owed, with all interest, fees, and
13 costs, levied for the fiscal year beginning July 1,
14 2000, which were payable during the fiscal year
15 beginning July 1, 2001, on the land and buildings of a
16 religious institution that did not receive a property
17 tax exemption for failure to file for the exemption.
18 To receive the abatement provided in this section, the
19 religious institution shall apply to the county board
20 of supervisors by October 1, 2002, and provide
21 appropriate information establishing that the lands
22 and buildings for which the abatement is sought were
23 used by the religious institution for its appropriate
24 objects during the fiscal year beginning July 1, 2000.
25 The abatement allowed under this section only applies
26 to property taxes, with all interests, fees, and
27 costs, levied for the fiscal year beginning July 1,
28 2000, and due and payable in the fiscal year beginning
29 July 1, 2001."
30 2. Page 20, by inserting after line 19 the
31 following:
32 "____. The section of this Act providing for the
33 abatement of property taxes on religious property,
34 being deemed of immediate importance, takes effect
35 upon enactment, and applies retroactively to property
36 taxes due and payable in the fiscal year beginning
37 July 1, 2001."

By EICHHORN of Hamilton

H-8582 FILED APRIL 9, 2002

adapted
4/9/02
(P.1284)

HOUSE FILE 2622

H-8585

1 Amend House File 2622 as follows:

2 1. Page 11, by inserting after line 14 the
3 following:

4 "Sec. ____ . Section 422.43, subsection 11,
5 unnumbered paragraph 1, Code Supplement 2001, is
6 amended to read as follows:

7 The following enumerated services are subject to
8 the tax imposed on gross taxable services: alteration
9 and garment repair; armored car; vehicle repair;
10 battery, tire, and allied; investment counseling;
11 service charges of ~~all a financial institutions~~
12 institution which are assessed by that financial
13 institution to its customers; barber and beauty; boat
14 repair; vehicle wash and wax; carpentry; roof,
15 shingle, and glass repair; dance schools and dance
16 studios; dating services; dry cleaning, pressing,
17 dyeing, and laundering; electrical and electronic
18 repair and installation; rental of tangible personal
19 property, except manufactured or mobile homes which
20 are tangible personal property; excavating and
21 grading; farm implement repair of all kinds; flying
22 service; furniture, rug, upholstery repair and
23 cleaning; fur storage and repair; golf and country
24 clubs and all commercial recreation; house and
25 building moving; household appliance, television, and
26 radio repair; jewelry and watch repair; limousine
27 service, including driver; machine operator; machine
28 repair of all kinds; motor repair; motorcycle,
29 scooter, and bicycle repair; oilers and lubricators;
30 office and business machine repair; painting,
31 papering, and interior decorating; parking facilities;
32 pipe fitting and plumbing; wood preparation; licensed
33 executive search agencies; private employment
34 agencies, excluding services for placing a person in
35 employment where the principal place of employment of
36 that person is to be located outside of the state;
37 sewage services for nonresidential commercial
38 operations; sewing and stitching; shoe repair and
39 shoeshine; sign construction and installation; storage
40 of household goods, mini-storage, and warehousing of
41 raw agricultural products; swimming pool cleaning and
42 maintenance; taxidermy services; telephone answering
43 service; test laboratories, including mobile testing
44 laboratories and field testing by testing
45 laboratories, and excluding tests on humans or
46 animals; termite, bug, roach, and pest eradicators;
47 tin and sheet metal repair; turkish baths, massage,
48 and reducing salons, excluding services provided by
49 massage therapists licensed under chapter 152C;
50 weighing; welding; well drilling; wrapping, packing,

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1 and packaging of merchandise other than processed
 2 meat, fish, fowl, and vegetables; wrecking service;
 3 wrecker and towing; pay television; campgrounds;
 4 carpet and upholstery cleaning; gun and camera repair;
 5 janitorial and building maintenance or cleaning; lawn
 6 care, landscaping, and tree trimming and removal; pet
 7 grooming; reflexology; security and detective
 8 services; tanning beds or salons; and water
 9 conditioning and softening."

By VAN FOSSEN of Scott

H-8585 FILED APRIL 9, 2002

Adopted
4-9-02

(P. 1282) HOUSE FILE 2622

H-8586

1 Amend House File 2622 as follows:

2 1. Page 9, by inserting after line 19 the
3 following:

4 "Sec. ____ . Section 422.7, Code Supplement 2001, is
5 amended by adding the following new subsection:

6 NEW SUBSECTION. 38. Subtract, to the extent not
7 otherwise excluded, the amount of withdrawals from
8 tax-deferred savings accounts made during the tax year
9 if the taxpayer or taxpayer's spouse is a member of
10 the Iowa national guard or reserve forces of the
11 United States who is ordered to active state service
12 or federal service or duty. In addition, a penalty
13 for such withdrawals shall not be assessed by the
14 state."

15 2. Page 20, by inserting after line 19, the
16 following:

17 " ____ . The section of this Act amending section
18 422.7 applies retroactively to January 1, 2002, for
19 tax years beginning on or after that date."

By WARNSTADT of Woodbury

H-8586 FILED APRIL 9, 2002

Adopted
4/9/02
(P. 1281)

HOUSE FILE 2622
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HSB 721)

(As Amended and Passed by the House April 9, 2002)

Passed House, Date ^(P. 1407) 4-11-02 Passed Senate, Date ^(P. 1132) 4-11-02
Vote: Ayes 93 Nays 0 Vote: Ayes 46 Nays 0
Approved May 6, 2002

*Re Passed 4-12-02
Vote 46-0*

A BILL FOR

P. 1132

1 An Act relating to the administration of the tax and related laws
2 by the department of revenue and finance, including
3 administration of state individual income, corporate income,
4 sales and use, property, motor fuel, special fuel, and
5 inheritance taxes and including effective and retroactive
6 applicability date provisions.

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

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House Amendments _____
Deleted Language *

1 Section 1. Section 404.4, unnumbered paragraph 2, Code
2 Supplement 2001, is amended to read as follows:

3 An application shall be filed for each new exemption
4 claimed. The first application for an exemption shall be
5 filed by the owner of the property with the governing body of
6 the city or county in which the property is located by
7 February 1 of the assessment year for which the exemption is
8 first claimed, but not later than the year in which all
9 improvements included in the project are first assessed for
10 taxation, unless or the following two assessment years, in
11 which case the exemption is allowed for the total number of
12 years in the exemption schedule. However, upon the request of
13 the owner at any time, the governing body of the city or
14 county provides by resolution that the owner may file an
15 application by February 1 of any other assessment year
16 selected by the governing body in which case the exemption is
17 allowed for the number of years remaining in the exemption
18 schedule selected. The application shall contain, but not be
19 limited to, the following information: The nature of the
20 improvement, its cost, the estimated or actual date of
21 completion, the tenants that occupied the owner's building on
22 the date the city or county adopted the resolution referred to
23 in section 404.2, subsection 1, and which exemption in section
24 404.3 or in the different schedule, if one has been adopted,
25 will be elected.

26 Sec. 2. NEW SECTION. 421.17B ADMINISTRATIVE WAGE
27 ASSIGNMENT COOPERATIVE AGREEMENT.

28 1. DEFINITIONS. As used in this section, unless the
29 context otherwise requires:

30 a. "Employer" means any person or entity that pays an
31 obligor to do a specific task. "Employer" only includes such
32 a person or entity in an employer-employee relationship and
33 does not include an obligor acting as a contractor,
34 distributor, agent, or in any representative capacity in which
35 the obligor receives any form of consideration.

1 b. "Employment" means the performance of personal services
2 for another. "Employment" only includes parties in an
3 employer-employee relationship and does not include one acting
4 as a self-employer, contractor, distributor, agent, or in any
5 representative capacity.

6 c. "Facility" means the centralized debt collection
7 facility of the department of revenue and finance established
8 pursuant to section 421.17, subsection 34.

9 d. "Obligor" means a person who is indebted to the state
10 or a state agency for any delinquent accounts, charges, fees,
11 loans, taxes, or other indebtedness due the state or
12 indebtedness being collected by the state.

13 e. "Wage" means any form of compensation due to an
14 obligor. "Wage" includes, but is not limited to, wages,
15 salary, bonus, commission, or other payment directly or
16 indirectly related to employment. If a wage is assigned to
17 the facility, wage only includes a payment in the form of
18 money.

19 2. PURPOSE AND USE.

20 a. Notwithstanding other statutory provisions which
21 provide for the execution, attachment, garnishment, or levy
22 against accounts, the facility may utilize the process
23 established in this section to collect delinquent accounts,
24 charges, fees, loans, taxes, or other indebtedness due the
25 facility or being collected by the facility provided all
26 administrative remedies have been waived or exhausted by the
27 obligor. Any exemptions or exceptions which specifically
28 apply to enforcement of such obligations also apply to this
29 section.

30 Administrative wage assignment under this section is the
31 equivalent of condemning funds under chapter 642.

32 The administrative wage assignment is to be considered an
33 additional means of collection by the facility and not an
34 exclusive means of collection. If the use of an
35 administrative wage assignment is not successful in collecting

1 an outstanding debt due the facility, the facility may use the
2 collection provisions set forth in chapters 626 and 642.

3 b. An obligor is subject to this section if the obligor's
4 debt is being collected by the facility.

5 c. Any amount forwarded to the facility by an employer
6 under this section shall not exceed the delinquent or accrued
7 amount of the obligor's debt being collected by the facility.

8 3. NOTICE TO THE OBLIGOR.

9 a. The facility may proceed under this section only if a
10 ten-day notice has been provided to the obligor. Notice by
11 the facility may be by regular mail to the last known address
12 of the obligor, notifying the obligor that the obligor is
13 subject to this section. If the facility determines that
14 collection of the debt may be in jeopardy, the facility may
15 request that the employer deliver notice of the wage
16 assignment simultaneous with the remainder of or in lieu of
17 the obligor's compensation due from the employer.

18 The facility may obtain one or more wage assignments of an
19 obligor who is subject to this section. If the obligor has
20 more than one employer, the facility may receive wage
21 assignments from one or all of the employers until the full
22 debt obligation of the obligor is satisfied. If an obligor
23 has more than one employer, the facility shall give notice to
24 all employers that the facility seeks to have an assignment of
25 wages.

26 b. The notice from the facility to the obligor shall
27 contain all of the following:

28 (1) The name and social security number of the obligor.

29 (2) A statement that the obligor is believed to have
30 employment with the stated employer.

31 (3) A statement that pursuant to the provisions of this
32 section, the obligor's wages will be assigned to the facility
33 for payment of the specified debts and that the employer is
34 authorized and required to forward moneys to the facility.

35 (4) The maximum amount to be forwarded by the employer,

1 which shall not exceed the delinquent or accrued amount of
2 debt being collected by or owed to the facility by the
3 obligor.

4 (5) The prescribed time frames the employer must meet in
5 forwarding any amounts.

6 (6) A statement that any challenge to the action must be
7 in writing and must be received by the facility within ten
8 days of the date of the notice to the obligor.

9 (7) The address of the facility and the account number
10 utilized by the facility for the obligor.

11 (8) A telephone number, address, and contact name of the
12 facility initiating the action.

13 4. VERIFICATION OF EMPLOYMENT AND IMMUNITY FROM LIABILITY.

14 a. The facility may contact an employer to obtain
15 verification of employment, and any specific information from
16 the employer that the facility needs to initiate, effectuate,
17 or maintain collection of the obligation. Contact with an
18 employer may be by telephone, fax, or by written
19 communication. The employer may require proof of authority
20 from the person from the facility and the telephone number of
21 the authorized person from the facility before releasing an
22 obligor's employment information by telephone.

23 b. The employer is immune from any civil or criminal
24 liability for information released by the employer to the
25 facility pursuant to this section.

26 5. COSTS. The facility is not liable for any costs
27 incurred or imposed for initiating, effectuating, or
28 maintaining an administrative wage assignment under this
29 section. Such costs will be the sole responsibility of the
30 obligor and will be added to the amount to be collected by the
31 facility.

32 6. ADMINISTRATIVE WAGE ASSIGNMENT -- NOTICE TO THE
33 EMPLOYER.

34 a. If an obligor is subject to this section, the facility
35 may initiate an administrative wage assignment to have

1 compensation due the obligor to be assigned by the employer to
2 the facility up to the amount of the full debt to be collected
3 by the facility.

4 b. The facility shall send a notice to the employer within
5 fourteen days of sending notice of the wage assignment to the
6 obligor. The notice shall inform the employer of the amount
7 to be assigned to the facility from each wage, salary, or
8 payment period that is due the obligor. The facility may
9 receive assignment of up to one hundred percent of the
10 obligor's disposable income, salary, or payment for any given
11 period until the full obligation to the facility is paid in
12 full.

13 c. The notice to the employer shall contain all of the
14 following:

15 (1) The name and social security number of the obligor.

16 (2) A statement that the obligor is believed to be
17 employed by the employer.

18 (3) A statement that pursuant to the provisions of this
19 section, the obligor's wages are subject to assignment and the
20 employer is authorized and required to forward moneys to the
21 facility.

22 (4) The maximum amount that shall be forwarded by the
23 employer, which shall not exceed the delinquent or accrued
24 amount of debt being collected by or owed to the facility by
25 the obligor.

26 (5) The prescribed time frame the employer must meet in
27 forwarding any amounts.

28 (6) The address of the facility and the account number
29 utilized by the facility for the obligor.

30 (7) A telephone number, address, and name of a contact
31 person with the facility.

32 7. RESPONSIBILITIES OF EMPLOYER. Upon receipt of the
33 notice of wage assignment from the facility, the employer
34 shall do all of the following:

35 a. Immediately give effect to the wage assignment and hold

1 compensation which the obligor has owing to the extent of the
2 debt indicated in the notice from the facility.

3 b. No sooner than ten days, and no later than twenty days
4 from the date the employer receives the notice of wage
5 assignment, unless notified by the facility of a challenge of
6 the wage assignment by the obligor, the employer shall begin
7 forwarding the obligor's compensation, to the extent required
8 in the notice, to the facility with the obligor's name and
9 social security number, the facility's account number for the
10 obligor, and any other information required in the notice.

11 c. The employer may assess a fee against the obligor, not
12 to exceed twenty-five dollars, for forwarding of moneys to the
13 facility. This fee is in addition to the amount owed to or
14 being collected by the facility from the obligor. If
15 insufficient moneys are available from the obligor's
16 compensation to cover the fee and the amount in the notice,
17 the employer may deduct the fee amount prior to forwarding
18 moneys to the facility and the amount credited to the
19 obligor's account with the facility shall be reduced by the
20 fee amount. However, if the employer can present evidence to
21 the facility that the employer's costs were in excess of
22 twenty-five dollars and that such costs were necessary and
23 reasonable, then the employer may impose a fee in excess of
24 the twenty-five dollar fee limit.

25 8. CHALLENGES TO ACTION.

26 a. Challenges under this section may be initiated only by
27 an obligor. An administrative wage assignment only occurs
28 after the obligor has waived or exhausted administrative
29 remedies. Reviews by the facility of a challenge to an
30 administrative wage assignment are not subject to chapter 17A
31 unless the challenge is regarding the validity of the
32 assignment. Actions under this section are in equity and not
33 actions at law.

34 b. The obligor challenging the administrative wage
35 assignment shall submit a written challenge to the person

1 identified as the contact for the facility in the notice,
2 within ten days of the date of the notice to the obligor.

3 c. The facility, upon receipt of a written challenge,
4 shall review the facts of the case with the obligor within ten
5 days of receipt of the challenge. If the obligor is not
6 available for the review on the scheduled date, the review
7 shall take place without the obligor being present.

8 Information in favor of the obligor shall be considered by the
9 facility in the review. The facility may utilize additional
10 information if such information is available. Only a mistake
11 of fact, including, but not limited to, a mistake in the
12 identity of the obligor or a mistake in the amount owed to or
13 being collected by the facility shall be considered as a
14 reason to dismiss or modify the administrative wage
15 assignment.

16 d. If the facility determines that a mistake of fact has
17 occurred, the facility shall proceed as follows:

18 (1) If a mistake in identity has occurred or the obligor
19 does not have a delinquent or accrued amount being collected
20 by or owed to the facility, the facility shall notify the
21 employer that the administrative wage assignment has been
22 released. The facility shall provide a copy of the notice to
23 the obligor by regular mail.

24 (2) If the delinquent or accrued amount being collected by
25 or owed to the facility is less than the amount indicated in
26 the notice, the facility shall provide a notice to the
27 employer of the revised amount, with a copy of the original
28 notice, and issue a notice to the obligor by regular mail.
29 Upon written receipt of the notice from the facility, the
30 employer shall release the funds in excess of the revised
31 amount and forward the revised amount to the facility pursuant
32 to the administrative wage assignment.

33 (3) Any moneys received by the facility in excess of the
34 amount owed to or to be collected by the facility shall be
35 returned to the obligor.

1 e. If the facility finds no mistake of fact, the facility
2 shall provide a notice to that effect to the obligor by
3 regular mail and notify the employer to forward the moneys
4 pursuant to the administrative wage assignment.

5 f. The obligor shall have the right to file an action for
6 wrongful assignment in district court within thirty days of
7 the date of the notice to the obligor, either in the county
8 where the obligor is located or in Polk county where the
9 facility is located.

10 9. VALIDITY AND DURATION OF A WAGE ASSIGNMENT NOTICE. A
11 notice of wage assignment given to the obligor is effective
12 without the serving of another notice until the earliest of
13 either of the following:

14 a. The debt owed to the facility is paid in full.

15 b. The obligor receives notice that the wage assignment
16 shall cease.

17 Expiration of the wage assignment does not affect the
18 obligor's duties and liabilities respecting the wages already
19 withheld pursuant to the wage assignment.

20 Sec. 3. Section 421.31, subsection 3, Code 2001, is
21 amended by striking the subsection and inserting in lieu
22 thereof the following:

23 3. AUDIT OF CLAIMS. To set rules and procedures for the
24 preaudit of claims by individual agencies or organizations.
25 The director reserves the right to refuse to accept incomplete
26 or incorrect claims and to review, preaudit, or audit claims
27 as determined by the director.

28 Sec. 4. NEW SECTION. 421.47 TAX AGREEMENTS WITH INDIAN
29 TRIBES.

30 1. "Indian country" means the Indian country as defined in
31 18 U.S.C. § 1151, and includes trust land as defined by the
32 United States secretary of the interior.

33 2. The department and the governing body of an Indian
34 tribe may enter into an agreement to provide for the
35 collection and distribution or refund by the department within

1 Indian country of any tax or fee imposed by the state and
2 administered by the department.

3 An agreement may also provide for the collection and
4 distribution by the department of any tribal tax or fee
5 imposed by tribal ordinance. The agreement may provide for
6 the retention of an administrative fee by the department which
7 fee shall be an agreed-upon percentage of the gross revenue of
8 the tribal tax or fee collected.

9 3. An Act of Congress regulating the collection of state
10 taxes and their remittance to the states shall preempt an
11 agreement between the department and the governing body of an
12 Indian tribe under this section to the extent such federal Act
13 regulates the collection and remittance of a tax covered by
14 the agreement.

15 4. An agreement between the department and the governing
16 body of an Indian tribe under this section shall not preclude
17 the negotiation of an amendment to such agreement, which
18 conforms to an Act of Congress regulating the collection of
19 state taxes and their remittance to the states.

20 Sec. 5. Section 421.60, subsection 2, paragraph m,
21 subparagraphs (1) and (3), Code 2001, are amended to read as
22 follows:

23 (1) The director may shall abate unpaid state sales and
24 use taxes and local sales and services taxes owed by a
25 retailer in the event that the retailer failed to collect tax
26 from the purchaser or owed by a purchaser in the event that
27 the purchaser failed to pay the tax to a retailer as a result
28 of erroneous written advice issued by the department that was
29 specially directed to the retailer or purchaser, as
30 applicable, by the department and the retailer is unable to
31 collect the tax, interest, or penalties from the purchaser.
32 Before the tax, interest, and penalties shall be abated on the
33 basis of erroneous written advice, the retailer person must
34 present a copy of the retailer's person's request for written
35 advice to the department and a copy of the department's reply.

1 The department shall not maintain a position against the
2 retailer person that is inconsistent with the erroneous
3 written advice, except on the basis of subsequent written
4 advice sent by the department to that retailer person, or a
5 change in state or federal law, a reported court case to the
6 contrary, a contrary rule adopted by the department, a change
7 in material facts or circumstances relating to the retailer
8 person, or the retailer's person's misrepresentation or
9 incomplete or inadequate representation of material facts and
10 circumstances in requesting the written advice.

11 (3) The director shall prepare quarterly reports
12 summarizing each case in which abatement of tax, interest, or
13 penalties was made. However, the report shall not disclose
14 the identity of the taxpayer. An abatement authorized by this
15 paragraph to a retailer shall not preclude the department from
16 proceeding to collect the liability from a purchaser.

17 Sec. 6. Section 422.7, Code Supplement 2001, is amended by
18 adding the following new subsection:

19 NEW SUBSECTION. 38. Subtract, to the extent not otherwise
20 excluded, the amount of withdrawals from tax-deferred savings
21 accounts made during the tax year if the taxpayer or
22 taxpayer's spouse is a member of the Iowa national guard or
23 reserve forces of the United States who is ordered to active
24 state service or federal service or duty. In addition, a
25 penalty for such withdrawals shall not be assessed by the
26 state.

27 Sec. 7. Section 422.16, subsection 2, Code 2001, is
28 amended by adding the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
30 with the department of management, may periodically change the
31 filing and remittance thresholds by administrative rule if in
32 the best interest of the state and the taxpayer.

33 Sec. 8. Section 422.42, subsections 15 and 16, Code
34 Supplement 2001, are amended to read as follows:

35 15. Sales of building materials, supplies, and equipment

1 to owners, contractors, subcontractors or builders, for the
2 erection of buildings or the alteration, repair, or
3 improvement of real property, are retail sales in whatever
4 quantity sold. If a contractor, subcontractor, or builder is
5 to use building materials, supplies, and equipment in the
6 performance of a construction contract with a designated
7 exempt entity, the person shall purchase such items of
8 tangible personal property without liability for the tax if
9 such property will be used in the performance of the
10 construction contract and a purchasing agent authorization
11 letter and an exemption certificate, issued by the designated
12 exempt entity, are presented to the retailer. Where the
13 owner, contractor, subcontractor, or builder is also a
14 retailer holding a retail sales tax permit and transacting
15 retail sales of building materials, supplies, and equipment,
16 the person shall purchase such items of tangible personal
17 property without liability for the tax if such property will
18 be subject to the tax at the time of resale or at the time it
19 is withdrawn from inventory for construction purposes. The
20 sales tax shall be due in the reporting period when the
21 materials, supplies, and equipment are withdrawn from
22 inventory for construction purposes or when sold at retail.
23 The tax shall not be due when materials are withdrawn from
24 inventory for use in construction outside of Iowa and the tax
25 shall not apply to tangible personal property purchased and
26 consumed by the manufacturer as building materials in the
27 performance by the manufacturer or its subcontractor of
28 construction outside of Iowa. The tax shall not be due when
29 materials are withdrawn from inventory for use in construction
30 performed for a designated exempt entity if an exemption
31 certificate is received from such entity.

32 For the purposes of this subsection, the sale of carpeting
33 is not a sale of building materials. The sale of carpeting to
34 owners, contractors, subcontractors, or builders shall be
35 treated as the sale of ordinary tangible personal property and

1 subject to the tax imposed under section 422.43, subsection 1,
2 and the tax imposed under section 423.2.

3 For purposes of this subsection, "designated exempt entity"
4 means an entity which is designated in section 422.45,
5 subsection 7.

6 16. The use within this state of tangible personal
7 property by the manufacturer thereof of such property, as
8 building materials, supplies, or equipment, in the performance
9 of construction contracts in Iowa, shall, for the purpose of
10 this division, be construed as a sale at retail thereof of
11 such property by the manufacturer who shall be deemed to be
12 the consumer of such tangible personal property. The tax
13 shall be computed upon the cost to the manufacturer of the
14 fabrication or production thereof of such property. However,
15 the tax shall not apply to tangible personal property
16 purchased and consumed by the manufacturer as building
17 materials, supplies, or equipment in the performance of a
18 construction contract for a designated exempt entity, as
19 defined in subsection 15, if a purchasing agent authorization
20 letter and an exemption certificate are received from such
21 entity and presented to the retailer.

22 Sec. 9. Section 422.43, subsection 11, unnumbered
23 paragraph 1, Code Supplement 2001, is amended to read as
24 follows:

25 The following enumerated services are subject to the tax
26 imposed on gross taxable services: alteration and garment
27 repair; armored car; vehicle repair; battery, tire, and
28 allied; investment counseling; service charges of all a
29 financial institutions institution which are assessed by that
30 financial institution to its customers; barber and beauty;
31 boat repair; vehicle wash and wax; carpentry; roof, shingle,
32 and glass repair; dance schools and dance studios; dating
33 services; dry cleaning, pressing, dyeing, and laundering;
34 electrical and electronic repair and installation; rental of
35 tangible personal property, except manufactured or mobile

1 homes which are tangible personal property; excavating and
2 grading; farm implement repair of all kinds; flying service;
3 furniture, rug, upholstery repair and cleaning; fur storage
4 and repair; golf and country clubs and all commercial
5 recreation; house and building moving; household appliance,
6 television, and radio repair; jewelry and watch repair;
7 limousine service, including driver; machine operator; machine
8 repair of all kinds; motor repair; motorcycle, scooter, and
9 bicycle repair; oilers and lubricators; office and business
10 machine repair; painting, papering, and interior decorating;
11 parking facilities; pipe fitting and plumbing; wood
12 preparation; licensed executive search agencies; private
13 employment agencies, excluding services for placing a person
14 in employment where the principal place of employment of that
15 person is to be located outside of the state; sewage services
16 for nonresidential commercial operations; sewing and
17 stitching; shoe repair and shoeshine; sign construction and
18 installation; storage of household goods, mini-storage, and
19 warehousing of raw agricultural products; swimming pool
20 cleaning and maintenance; taxidermy services; telephone
21 answering service; test laboratories, including mobile testing
22 laboratories and field testing by testing laboratories, and
23 excluding tests on humans or animals; termite, bug, roach, and
24 pest eradicators; tin and sheet metal repair; turkish baths,
25 massage, and reducing salons, excluding services provided by
26 massage therapists licensed under chapter 152C; weighing;
27 welding; well drilling; wrapping, packing, and packaging of
28 merchandise other than processed meat, fish, fowl, and
29 vegetables; wrecking service; wrecker and towing; pay
30 television; campgrounds; carpet and upholstery cleaning; gun
31 and camera repair; janitorial and building maintenance or
32 cleaning; lawn care, landscaping, and tree trimming and
33 removal; pet grooming; reflexology; security and detective
34 services; tanning beds or salons; and water conditioning and
35 softening.

1 Sec. 10. Section 422.45, Code Supplement 2001, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 63. The gross receipts from the sale or
4 rental of tangible personal property or from services
5 performed, rendered, or furnished to a recognized community
6 action agency as provided in section 216A.93 to be used for
7 the purposes of the agency.

8 Sec. 11. Section 422.47, Code Supplement 2001, is amended
9 by adding the following new subsection:

10 NEW SUBSECTION. 5. For purposes of assisting retailers in
11 properly accounting for nontaxable sales of building
12 materials, supplies, and equipment to be used in the
13 performance of a construction contract for a designated exempt
14 entity, as defined in section 422.42, subsection 15, the
15 designated exempt entity shall issue a purchasing agent
16 authorization letter and an exemption certificate to the
17 contractor, subcontractor, builder, or manufacturer to be used
18 as provided in section 422.42, subsection 15 or 16. The
19 authorization letter and the exemption certificate shall
20 specify the construction project to which they apply and shall
21 be valid only for that project.

22 The designated exempt entity shall notify the department
23 that such authorization letter and exemption certificate have
24 been issued. The notification shall, to the extent
25 practicable, describe the project and identify the
26 contractors, subcontractors, builders, and manufacturers which
27 will be using the letter and certificate.

28 If a designated exempt entity is required by law to
29 advertise for bids with regard to the construction project,
30 the entity shall include in its notice to bidders that the
31 entity will issue an exemption certificate for the purchase or
32 use of building materials, supplies, and equipment that will
33 be used in the performance of the construction contract.

34 The provisions of subsection 3, paragraphs "b", "d", and
35 "e", to the extent not inconsistent with this subsection shall

1 apply to this subsection.

2 Sec. 12. Section 422.54, subsection 1, Code 2001, is
3 amended by adding the following new unnumbered paragraph:

4 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
5 with the department of management, may periodically change the
6 filing and remittance thresholds under sections 422.51 and
7 422.52 by administrative rule if in the best interest of the
8 state and the taxpayer to do so.

9 Sec. 13. Section 422B.10, subsection 2, paragraph a, Code
10 2001, is amended to read as follows:

11 a. The director of revenue and finance ~~within-fifteen-days~~
12 ~~of-the-beginning~~ by August 15 of each fiscal year shall send
13 to each city or county where the local option tax is imposed,
14 an estimate of the amount of tax moneys each city or county
15 will receive for the year and for each month of the year. At
16 the end of each month, the director may revise the estimates
17 for the year and remaining months.

18 Sec. 14. Section 422E.3, subsection 5, paragraph a, Code
19 Supplement 2001, is amended to read as follows:

20 a. The director of revenue and finance ~~within-fifteen-days~~
21 ~~of-the-beginning~~ by August 15 of each fiscal year shall send
22 to each school district where the tax is imposed an estimate
23 of the amount of tax moneys each school district will receive
24 for the year and for each month of the year. At the end of
25 each month, the director may revise the estimates for the year
26 and remaining months.

27 Sec. 15. Section 423.13, Code 2001, is amended by adding
28 the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. The director, in cooperation
30 with the department of management, may periodically change the
31 filing and remittance thresholds by administrative rule if in
32 the best interest of the state and the taxpayer to do so.

33 Sec. 16. Section 425.7, subsection 3, unnumbered paragraph
34 2, Code Supplement 2001, is amended to read as follows:

35 If a claim is disallowed by the director of revenue and

1 finance and not appealed to the state board of tax review or
2 appealed to ~~and-upheld-by~~ the state board of tax review and a
3 ~~petition-for-judicial-review-is-not-filed-with-respect-to-the~~
4 disallowance thereafter upheld upon final resolution,
5 including any judicial review, any amounts of credits allowed
6 and paid from the homestead credit fund including the penalty,
7 if any, become a lien upon the property on which credit was
8 originally granted, if still in the hands of the claimant, and
9 not in the hands of a bona fide purchaser, and any amount so
10 erroneously paid including the penalty, if any, shall be
11 collected by the county treasurer in the same manner as other
12 taxes and the collections shall be returned to the department
13 of revenue and finance and credited to the homestead credit
14 fund. The director of revenue and finance may institute legal
15 proceedings against a homestead credit claimant for the
16 collection of payments made on disallowed credits and the
17 penalty, if any. If a person makes a false claim or affidavit
18 with fraudulent intent to obtain the homestead credit, the
19 person is guilty of a fraudulent practice and the claim shall
20 be disallowed in full. If the credit has been paid, the
21 amount of the credit plus a penalty equal to twenty-five
22 percent of the amount of credit plus interest, at the rate in
23 effect under section 421.7, from the time of payment shall be
24 collected by the county treasurer in the same manner as other
25 property taxes, penalty, and interest are collected and when
26 collected shall be paid to the director of revenue and
27 finance. If a homestead credit is disallowed and the claimant
28 failed to give written notice to the assessor as required by
29 section 425.2 when the property ceased to be used as a
30 homestead by the claimant, a civil penalty equal to five
31 percent of the amount of the disallowed credit is assessed
32 against the claimant.

33 Sec. 17. Section 426A.6, Code 2001, is amended to read as
34 follows:

35 426A.6 SETTING ASIDE ALLOWANCE.

1 If the director of revenue and finance determines that a
2 claim for military service tax exemption has been allowed by a
3 board of supervisors which is not justifiable under the law
4 and not substantiated by proper facts, the director may, at
5 any time within thirty-six months from July 1 of the year in
6 which the claim is allowed, set aside the allowance. Notice
7 of the disallowance shall be given to the county auditor of
8 the county in which the claim has been improperly granted and
9 a written notice of the disallowance shall also be addressed
10 to the claimant at the claimant's last known address. The
11 claimant or the board of supervisors may appeal to the state
12 board of tax review pursuant to section 421.1, subsection 4.
13 The claimant or the board of supervisors may seek judicial
14 review of the action of the state board of tax review in
15 accordance with chapter 17A. If a claim is disallowed by the
16 director of revenue and finance and not appealed to the state
17 board of tax review or appealed to ~~and upheld by~~ the state
18 board of tax review and ~~a petition for judicial review is not~~
19 ~~filed with respect to the disallowance~~ thereafter upheld upon
20 final resolution, including judicial review, the credits
21 allowed and paid from the general fund of the state become a
22 lien upon the property on which the credit was originally
23 granted, if still in the hands of the claimant and not in the
24 hands of a bona fide purchaser, the amount so erroneously paid
25 shall be collected by the county treasurer in the same manner
26 as other taxes, and the collections shall be returned to the
27 department of revenue and finance and credited to the general
28 fund of the state. The director of revenue and finance may
29 institute legal proceedings against a military service tax
30 exemption claimant for the collection of payments made on
31 disallowed exemptions.

32 Sec. 18. Section 426A.11, subsection 3, Code Supplement
33 2001, is amended to read as follows:

34 3. Where the word "veteran" appears in this chapter, it
35 includes, without limitation, the members of the United States

1 air force, ~~and the United States~~ merchant marine, and coast
2 guard.

3 Sec. 19. Section 427.1, subsection 5, Code Supplement
4 2001, is amended to read as follows:

5 5. PROPERTY OF ASSOCIATIONS OF WAR VETERANS. The property
6 of any organization composed wholly of veterans of any war,
7 when such property is devoted entirely to its own use and not
8 held for pecuniary profit. The operation of bingo games on
9 property of such organization shall not adversely affect the
10 exemption of that property under this subsection if all
11 proceeds, in excess of expenses, are used for the legitimate
12 purposes of the organization.

*13 Sec. 20. Section 452A.2, Code Supplement 2001, is amended
14 by adding the following new subsection:

15 NEW SUBSECTION. 1A. "Biofuel" means an oxygenated product
16 derived from soybean oil, vegetable oil, or animal fats that
17 can be used in diesel engines or aircraft. Biofuel may be a
18 blend with diesel fuel or it may be one hundred percent
19 soybean oil, vegetable oil, or animal fats. Any biofuel
20 product is a special fuel.

21 Sec. 21. Section 452A.6, Code 2001, is amended to read as
22 follows:

23 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
24 BLENDER'S LICENSE.

25 A person other than a supplier, restrictive supplier, or
26 importer licensed under this division, who blends gasoline
27 with alcohol distilled from cereal grains so that the blend
28 contains at least ten percent alcohol distilled from cereal
29 grains, shall obtain a blender's license. A person who blends
30 two or more special fuel products or sells one hundred percent
31 biofuel shall obtain a blender's license. The license shall
32 be obtained by following the procedure under section 452A.4
33 and the license is subject to the same restrictions as
34 contained in that section. A blender shall maintain records
35 as required by section 452A.10 as to motor fuel, alcohol, and

1 ethanol blended gasoline, and special fuels.

2 Sec. 22. Section 452A.8, subsection 3, Code 2001, is
3 amended to read as follows:

4 3. For the purpose of determining the amount of the tax
5 liability on alcohol blended to produce ethanol blended
6 gasoline or a blend of special fuel products, each licensed
7 blender shall, not later than the last day of each month
8 following the month in which the blending is done, file with
9 the department a monthly return, signed under penalty for
10 false certificate, containing information required by rules
11 adopted by the director.

12 Sec. 23. Section 452A.9, Code 2001, is amended to read as
13 follows:

14 452A.9 RETURNS FROM PERSONS NOT LICENSED AS SUPPLIERS,
15 RESTRICTIVE SUPPLIERS, OR IMPORTERS OR BLENDERS.

16 Every person other than a licensed supplier, restrictive
17 supplier, or importer or blender, who purchases, brings into
18 this state, or otherwise acquires within this state motor fuel
19 or undyed special fuel, not otherwise exempted, which the
20 person has knowingly not paid or incurred liability to pay
21 either to a licensee or to a dealer the motor fuel or special
22 fuel tax, shall be subject to the provisions of this division
23 that apply to suppliers, restrictive suppliers, and importers
24 and blenders of motor fuel or undyed special fuel and shall
25 file the same returns and make the same tax payments and be
26 subject to the same penalties for delinquent filing or
27 nonfiling or delinquent payment or nonpayment as apply to
28 suppliers, restrictive suppliers, and importers and blenders.

29 Sec. 24. Section 452A.15, subsection 1, unnumbered
30 paragraph 1, Code 2001, is amended to read as follows:

31 Every railroad and common carrier or contract carrier
32 transporting motor fuel or special fuel either in interstate
33 or intrastate commerce within this state and every person
34 transporting motor fuel or special fuel by whatever manner
35 into this state shall, subject to penalties for false

1 certificate, report to the department all deliveries of motor
2 fuel or special fuel to points within this state other than
3 refineries or marine or pipeline terminals. If any supplier,
4 restrictive supplier, importer, blender, or distributor is
5 also engaged in the transportation of motor fuel or special
6 fuel for others, the supplier, restrictive supplier, importer,
7 blender, or distributor shall make the same reports as
8 required of common carriers and contract carriers.

9 Sec. 25. Section 452A.15, Code 2001, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 2A. Persons operating storage facilities
12 at a nonterminal location shall file a monthly report with the
13 department accounting for all motor fuel, alcohol, and special
14 fuel that is delivered into, stored within, withdrawn from, or
15 sold from the storage facility.

16 Sec. 26. Section 452A.15, Code 2001, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 4. The director may impose a civil
19 penalty against any person who fails to file the reports or
20 keep the records required under this section. The penalty
21 shall be one hundred dollars for the first violation and shall
22 increase by one hundred dollars for each additional violation
23 occurring in the calendar year in which the first violation
24 occurred.

25 Sec. 27. Section 452A.60, unnumbered paragraph 1, Code
26 2001, is amended to read as follows:

27 The department of revenue and finance or the state
28 department of transportation shall prescribe and furnish all
29 forms, as applicable, upon which reports, returns, and
30 applications shall be made and claims for refund presented
31 under this chapter and may prescribe forms of record to be
32 kept by suppliers, restrictive suppliers, importers,
33 exporters, blenders, common carriers, contract carriers,
34 licensed compressed natural gas and liquefied petroleum gas
35 dealers and users, terminal operators, nonterminal storage

1 facility operations, and interstate commercial motor vehicle
2 operators.

3 Sec. 28. Section 452A.62, subsection 2, unnumbered
4 paragraph 1, Code 2001, is amended to read as follows:

5 To examine the records, books, papers, receipts, and
6 invoices of any distributor, supplier, restrictive supplier,
7 importer, blender, exporter, terminal operator, licensed
8 compressed natural gas or liquefied petroleum gas dealer or
9 user, or any other person who possesses fuel upon which the
10 tax has not been paid to determine financial responsibility
11 for the payment of the taxes imposed by this chapter.

12 Sec. 29. Section 516D.3, subsection 6, paragraphs a and b,
13 Code 2001, are amended to read as follows:

14 a. Mandatory charge does not include an ~~optional-airport~~
15 ~~imposed airport-imposed~~ fee if the existence and amount of the
16 fee are clearly and conspicuously disclosed immediately
17 adjacent to any advertised rental price. The ~~advertisement~~
18 ~~must-clearly-and-conspicuously-state-the-method-of-avoiding~~
19 ~~the-airport-access-fee-and-the~~ customer must be informed of
20 the amount of the fee when the reservation is made. When an
21 advertisement encompasses more than one rental location, the
22 fee may be expressed as the maximum fee or range of fees.

23 b. Mandatory charge does not include taxes imposed
24 directly upon the rental transaction by an authorized taxing
25 authority. ~~An-airport-imposed-fee-on-gross-receipts-or-an~~
26 ~~airport-access-fee-is-not-such-a-tax-~~

27 Sec. 30. Notwithstanding the filing deadline provided in
28 section 427.1, subsection 14, the filing deadline for
29 organizations, institutions, or societies required to file a
30 claim for a property tax exemption for the assessment year
31 beginning January 1, 2002, for taxes due and payable in the
32 fiscal year beginning July 1, 2003, shall be October 1, 2002.

33 Sec. 31. 2002 Iowa Acts, House File 2246, section 6, shall
34 not take effect July 1, 2002, but shall take effect March 29,
35 2002.

1 Sec. 32. Section 70A.17, Code 2001, is repealed.

2 Sec. 33. ABATEMENT OF PROPERTY TAXES. Notwithstanding the
3 requirement for the filing of a claim for property tax
4 exemption by April 15 as provided in section 427.1, subsection
5 14, Code Supplement 1999, the board of supervisors of a county
6 having a population based upon the latest federal census of
7 more than one hundred eighty thousand but not more than two
8 hundred thousand shall abate the property taxes owed, with all
9 interest, fees, and costs, levied for the fiscal year
10 beginning July 1, 2000, which were payable during the fiscal
11 year beginning July 1, 2001, on the land and buildings of a
12 religious institution that did not receive a property tax
13 exemption for failure to file for the exemption. To receive
14 the abatement provided in this section, the religious
15 institution shall apply to the county board of supervisors by
16 October 1, 2002, and provide appropriate information
17 establishing that the lands and buildings for which the
18 abatement is sought were used by the religious institution for
19 its appropriate objects during the fiscal year beginning July
20 1, 2000. The abatement allowed under this section only
21 applies to property taxes, with all interests, fees, and
22 costs, levied for the fiscal year beginning July 1, 2000, and
23 due and payable in the fiscal year beginning July 1, 2001.

24 Sec. 34. REFUNDS. If property taxes were paid on April 1,
25 2002, and interest was assessed upon the taxes, and if as a
26 result of the retroactive applicability of 2002 Iowa Acts,
27 House File 2246, section 6, such property taxes would not have
28 been delinquent on April 1, 2002, then the county shall refund
29 any interest assessed upon such property taxes.

30 Sec. 35. REFUNDS. Refunds of taxes, interest, or
31 penalties which arise from claims resulting from the amendment
32 to section 421.60, subsection 2, paragraph "m", subparagraphs
33 (1) and (3), in this Act, for sales for which erroneous
34 written advice was issued by the department to the claimant
35 between October 1, 1999, and the enactment of the amendment to

1 section 421.60, subsection 2, paragraph "m", in this Act,
2 shall not be allowed unless refund claims are filed prior to
3 October 1, 2002.

4 Sec. 36. EFFECTIVE DATES.

5 1. The sections of this Act amending sections 422.42 and
6 422.47 take effect January 1, 2003, and apply to construction
7 contracts entered into on or after that date.

8 2. The section of this Act extending the time for filing a
9 claim for property tax exemptions by certain organizations,
10 institutions, or societies, being deemed of immediate
11 importance, takes effect upon enactment.

12 3. The section of this Act amending section 404.4,
13 relating to the exemption for urban revitalization, being
14 deemed of immediate importance, takes effect upon enactment
15 and applies retroactively to January 1, 2001, for claims for
16 exemptions made on or after that date.

17 4. The section of this Act amending 2002 Iowa Acts, House
18 File 2246, section 6, being deemed of immediate importance,
19 takes effect upon enactment and applies retroactively to March
20 29, 2002.

21 5. The section of this Act providing for the abatement of
22 property taxes on religious property, being deemed of
23 immediate importance, takes effect upon enactment, and applies
24 retroactively to property taxes due and payable in the fiscal
25 year beginning July 1, 2001.

26 6. The section of this Act amending section 421.60,
27 subsection 2, paragraph "m", relating to the abatement of
28 sales and use taxes and local sales and services taxes, being
29 deemed of immediate importance, takes effect upon enactment
30 and applies retroactively to October 1, 1999.

31 7. The section of this Act amending section 422.7 applies
32 retroactively to January 1, 2002, for tax years beginning on
33 or after that date.

34
35

HOUSE FILE 2622

S-5442

1 Amend House File 2622, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 16, by inserting after line 32, the
4 following:

5 "Sec. _____. Section 425.15, Code 2001, is amended
6 to read as follows:

7 425.15 DISABLED VETERAN TAX CREDIT.

8 If the owner of a homestead allowed a credit under
9 this chapter is a veteran of any of the military
10 forces of the United States, who acquired the
11 homestead under 38 U.S.C. § 21.801, 21.802, or 38
12 U.S.C. § 2101, 2102, the credit allowed on the
13 homestead from the homestead credit fund shall be the
14 entire amount of the tax levied on the homestead. The
15 credit allowed shall be continued to the estate of a
16 veteran who is deceased or the surviving spouse and
17 any child, as defined in section 234.1, who are the
18 beneficiaries of a deceased veteran, so long as the
19 surviving spouse remains unmarried. This section is
20 not applicable to the holder of title to any homestead
21 whose annual income, together with that of the
22 titleholder's spouse, if any, for the last preceding
23 twelve-month income tax accounting period exceeds
24 ~~twenty-five~~ thirty-five thousand dollars. For the
25 purpose of this section "income" means taxable income
26 for federal income tax purposes plus income from
27 securities of state and other political subdivisions
28 exempt from federal income tax. A veteran or a
29 beneficiary of a veteran who elects to secure the
30 credit provided in this section is not eligible for
31 any other real property tax exemption provided by law
32 for veterans of military service. If a veteran
33 acquires a different homestead, the credit allowed
34 under this section may be claimed on the new homestead
35 unless the veteran fails to meet the other
36 requirements of this section."

37 2. Page 23, by inserting after line 3, the
38 following:

39 "Sec. _____. IMPLEMENTATION OF ACT. Section 25B.7
40 does not apply to the section of this Act amending
41 section 425.15 relating to the disabled veteran tax
42 credit."

43 3. Page 23, by inserting after line 33, the
44 following:

45 "_____. The section of this Act amending section
46 425.15, relating to the disabled veteran tax credit,
47 being deemed of immediate importance, takes effect
48 upon enactment and applies retroactively to January 1,
49 2002, for homestead credit claims filed or on file on
50 or after that date."

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1 4. By renumbering as necessary.

By MARY A. LUNDBY

S-5442 FILED APRIL 10, 2002

W/P

4/11/02

(p. 1132)

HOUSE FILE 2622

S-5478

1 Amend House File 2622, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 10, line 20, by striking the words "tax-
4 deferred savings" and inserting the following:
5 "qualified retirement plan".

6 2. By striking page 12, line 22 through page 13,
7 line 35 and inserting the following:

8 "Sec. _____. Section 422.43, subsection 11, Code
9 Supplement 2001, is amended by adding the following
10 new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. For purposes of the tax
12 on enumerated services under this subsection, service
13 charges of financial institutions do not include
14 surcharges assessed with regard to nonproprietary ATM
15 transactions. This paragraph is repealed June 30,
16 2003."

17 3. Page 16, by inserting after line 32 the
18 following:

19 "Sec. _____. Section 425.15, Code 2001, is amended
20 to read as follows:

21 425.15 DISABLED VETERAN TAX CREDIT.

22 If the owner of a homestead allowed a credit under
23 this chapter is a veteran of any of the military
24 forces of the United States, who acquired the
25 homestead under 38 U.S.C. § 21.801, 21.802, or 38
26 U.S.C. § 2101, 2102, the credit allowed on the
27 homestead from the homestead credit fund shall be the
28 entire amount of the tax levied on the homestead. The
29 credit allowed shall be continued to the estate of a
30 veteran who is deceased or the surviving spouse and
31 any child, as defined in section 234.1, who are the
32 beneficiaries of a deceased veteran, so long as the
33 surviving spouse remains unmarried. This section is
34 not applicable to the holder of title to any homestead
35 whose annual income, together with that of the
36 titleholder's spouse, if any, for the last preceding
37 twelve-month income tax accounting period exceeds
38 ~~twenty-five~~ thirty-five thousand dollars. For the
39 purpose of this section "income" means taxable income
40 for federal income tax purposes plus income from
41 securities of state and other political subdivisions
42 exempt from federal income tax. A veteran or a
43 beneficiary of a veteran who elects to secure the
44 credit provided in this section is not eligible for
45 any other real property tax exemption provided by law
46 for veterans of military service. If a veteran
47 acquires a different homestead, the credit allowed
48 under this section may be claimed on the new homestead
49 unless the veteran fails to meet the other
50 requirements of this section."

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1 4. Page 18, by inserting after line 2 the
2 following:

3 "Sec. ____ . Section 427.1, subsection 2, Code
4 Supplement 2001, is amended by adding the following
5 new unnumbered paragraph:

6 NEW UNNUMBERED PARAGRAPH. The operation of bingo
7 games on property of a school corporation shall not
8 adversely affect the exemption of that property under
9 this subsection if all proceeds, in excess of
10 expenses, are used for the legitimate purposes of the
11 school corporation."

12 5. Page 18, by inserting after line 12 the
13 following:

14 "Sec. ____ . Section 427.1, subsection 8, Code
15 Supplement 2001, is amended by adding the following
16 new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. The operation of bingo
18 games on property of a literary, scientific,
19 charitable, benevolent, agricultural, and religious
20 institutions and societies shall not adversely affect
21 the exemption of that property under this subsection
22 if all proceeds, in excess of expenses, are used for
23 the legitimate purposes of the institutions or
24 societies.

25 Sec. ____ . Section 427.1, subsection 9, Code
26 Supplement 2001, is amended by adding the following
27 new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. The operation of bingo
29 games on property of an educational institution shall
30 not adversely affect the exemption of that property
31 under this subsection if all proceeds, in excess of
32 expenses, are used for the legitimate purposes of the
33 educational institution."

34 6. Page 21, by striking lines 33 through 35.

35 7. Page 22, by striking lines 24 through 29.

36 8. Page 23, by inserting before line 4 the
37 following:

38 "Sec. ____ . VOLUNTEER FIRE FIGHTERS PENSION TASK
39 FORCE -- REPORT. A volunteer fire fighters pension
40 task force is created concerning the establishment of
41 a pension system for volunteer fire fighters in this
42 state. The task force shall examine pension plans
43 established by other states for volunteer fire
44 fighters and shall solicit information from volunteer
45 fire fighters, and cities and townships with volunteer
46 fire fighters, concerning the establishment of a
47 pension system for volunteer fire fighters. The task
48 force shall also identify and examine issues relating
49 to volunteer fire departments' attraction and
50 retention of fire fighters and shall propose solutions

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1 to these issues of attraction and retention.
2 Membership of the task force is to be determined by
3 the legislative council. Members shall be appointed
4 by the legislative council. The membership shall
5 include, but not be limited to, the following:
6 1. The commissioner of insurance or the
7 commissioner's designee.
8 2. The treasurer of state or the treasurer's
9 designee.
10 3. A representative of a pension system
11 established pursuant to Code chapter 411.
12 4. A representative of the Iowa public employees'
13 retirement system.
14 5. A representative of a pension system
15 established for private sector employees.
16 6. A representative of the state fire and
17 emergency response council.
18 7. A representative of volunteer fire fighters in
19 the state.
20 8. A representative of township trustees.
21 9. A representative of the Iowa league of cities.
22 The legislative service bureau and the legislative
23 fiscal bureau shall provide staffing assistance to the
24 task force. The department of management shall
25 provide other assistance to the task force in
26 completing its duties.
27 The task force shall submit a report to the general
28 assembly by January 1, 2003. The report shall contain
29 the findings and recommendations of the task force."
30 9. Page 23, by inserting before line 4, the
31 following:
32 Sec. ____ . IMPLEMENTATION OF ACT. Section 25B.7
33 does not apply to the section of this Act amending
34 section 425.15 relating to the disabled veteran tax
35 credit."
36 10. Page 23, by striking lines 17 through 20.
37 11. Page 23, by inserting after line 33 the
38 following:
39 " ____ . The section of this Act amending section
40 425.15, being deemed of immediate importance, takes
41 effect upon enactment and applies retroactively to
42 January 1, 2002, for claims filed or on file on or
43 after that date."
44 12. Title page, line 5, by inserting after the
45 word "taxes" the following: ", directing a study,".
46 13. By renumbering, relettering, or redesignating
47 and correcting internal references as necessary.

By COMMITTEE ON WAYS AND MEANS
LARRY MCKIBBEN, Chairperson

S-5478 FILED APRIL 10, 2002

Adopted
4/11/02
(4/11/02)

HOUSE FILE 2622

S-5487

1 Amend House File 2622, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 99F.11, unnumbered paragraph
6 1, Code 2001, is amended to read as follows:

7 A tax is imposed on the adjusted gross receipts
8 received annually from gambling games authorized under
9 this chapter at the rate of five percent on the first
10 one million dollars of adjusted gross receipts, at the
11 rate of ten percent on the next two million dollars of
12 adjusted gross receipts, and at the rate of twenty
13 percent on any amount of adjusted gross receipts over
14 three million dollars. However, beginning January 1,
15 1997, the rate on any amount of adjusted gross
16 receipts over three million dollars from gambling
17 games at racetrack enclosures is twenty-two percent
18 and shall increase by two percent each succeeding
19 calendar year until the rate is thirty-six percent.
20 However, at racetrack enclosures at which the total
21 amount of adjusted gross receipts from gambling games
22 annually is not more than seventy million dollars, the
23 tax rate on the amount of adjusted gross receipts over
24 three million dollars from gambling games is the rate
25 which was in effect on December 31, 2001. The taxes
26 imposed by this section shall be paid by the licensee
27 to the treasurer of state within ten days after the
28 close of the day when the wagers were made and shall
29 be distributed as follows:"

30 2. Title page, line 5, by inserting after the
31 word "taxes" the following: ", wagering taxes,".

By MIKE CONNOLLY

S-5487 FILED APRIL 11, 2002

RULED OUT OF ORDER

(P. 1131)

HOUSE FILE 2622

S-5494

1 Amend the amendment, S-5487, to House File 2622, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, line 22, by inserting after the word
5 "than" the following: "one hundred".

By DICK L. DEARDEN

S-5494 FILED APRIL 11, 2002

RULED OUT OF ORDER

(P. 1131)

HOUSE FILE 2622**S-5499**

1 Amend the amendment, S-5487, to House File 2622, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 1, by inserting after line 29 the
5 following:
6 "____. Page 10, by inserting before line 17 the
7 following:
8 "Sec. ____ Section 422.5, subsection 1, Code 2001,
9 is amended by adding the following new paragraph:
10 NEW PARAGRAPH. 1. Notwithstanding the rate
11 schedule specified in paragraphs "a" through "i" of
12 this subsection, for the tax year beginning on or
13 after January 1, 2002, but before January 1, 2003, the
14 tax rates for those taxpayers whose taxable income is
15 less than thirty thousand dollars shall be one-half of
16 the tax rates specified in the tax rate schedule in
17 paragraphs "a" through "i" of this subsection."

By JOHN REDWINE
ANDY McKEAN

S-5499 FILED APRIL 11, 2002
RULED OUT OF ORDER

(p. 1132)

**HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 2622****S-5505**

1 Amend the Senate amendment, H-8682, to House File
2 2622, as amended, passed, and reprinted by the House,
3 as follows:
4 1. Page 2, by striking lines 3 through 35.

RECEIVED FROM THE HOUSE

S-5505 FILED APRIL 12, 2002
CONCURRED

4/12/02

HOUSE FILE 2622

S-5498

1 Amend House File 2622, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking page 9, line 20, through page 10,
4 line 16.

5 2. By striking page 22, line 30, through page 23,
6 line 3, and inserting the following:

7 "Sec. _____.

8 1. ABATEMENT OF SALES AND USE TAXES. The director
9 of revenue and finance shall abate unpaid state sales
10 and use taxes and local sales and services taxes owed
11 by any foundry located in Lee or Jefferson county on
12 purchases of tangible personal property used by the
13 foundry in making patterns, molds, or dies which
14 purchases occurred between July 1, 1997, and the
15 effective date of this section.

16 2. REFUNDS. If the state sales and use taxes and
17 local sales and services taxes have been paid on the
18 purchases of tangible personal property which occurred
19 between July 1, 1997, and the effective date of this
20 section and which taxes would have been abated under
21 subsection 1 if not paid, then such taxes and any
22 interest and penalties, that were paid, are eligible
23 for refund. However, refunds shall not be allowed
24 unless claims are filed prior to October 1, 2002, and
25 shall be limited to twenty-five thousand dollars in
26 the aggregate. If the amount of claims totals more
27 than twenty-five thousand dollars in the aggregate,
28 the department of revenue and finance shall prorate
29 the twenty-five thousand dollars among all claimants
30 in relation to the amounts of the claimants' valid
31 claims."

32 3. Page 23, by striking lines 26 through 30 and
33 inserting the following:

34 "_____. The section of this Act that provides for
35 the abatement of sales and use taxes owed or the
36 refund of sales and use tax paid on the purchases of
37 certain tangible personal property by a foundry, being
38 deemed of immediate importance, takes effect upon
39 enactment."

By PATRICIA HARPER
PAUL MCKINLEY

MARK SHEARER
LARRY MCKIBBEN

S-5498 FILED APRIL 11, 2002
ADOPTED

(P. 1132)

HOUSE FILE 2622

H-8682

1 Amend House File 2622, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking page 9, line 20, through page 10,
4 line 16.

5 2. Page 10, line 20, by striking the words "tax-
6 deferred savings" and inserting the following:
7 "qualified retirement plan".

8 3. By striking page 12, line 22 through page 13,
9 line 35 and inserting the following:

10 "Sec. ____ . Section 422.43, subsection 11, Code
11 Supplement 2001, is amended by adding the following
12 new unnumbered paragraph:

13 NEW UNNUMBERED PARAGRAPH. For purposes of the tax
14 on enumerated services under this subsection, service
15 charges of financial institutions do not include
16 surcharges assessed with regard to nonproprietary ATM
17 transactions. This paragraph is repealed June 30,
18 2003."

19 4. Page 16, by inserting after line 32 the
20 following:

21 "Sec. ____ . Section 425.15, Code 2001, is amended
22 to read as follows:

23 425.15 DISABLED VETERAN TAX CREDIT.

24 If the owner of a homestead allowed a credit under
25 this chapter is a veteran of any of the military
26 forces of the United States, who acquired the
27 homestead under 38 U.S.C. § 21.801, 21.802, or 38
28 U.S.C. § 2101, 2102, the credit allowed on the
29 homestead from the homestead credit fund shall be the
30 entire amount of the tax levied on the homestead. The
31 credit allowed shall be continued to the estate of a
32 veteran who is deceased or the surviving spouse and
33 any child, as defined in section 234.1, who are the
34 beneficiaries of a deceased veteran, so long as the
35 surviving spouse remains unmarried. This section is
36 not applicable to the holder of title to any homestead
37 whose annual income, together with that of the
38 titleholder's spouse, if any, for the last preceding
39 twelve-month income tax accounting period exceeds
40 ~~twenty-five~~ thirty-five thousand dollars. For the
41 purpose of this section "income" means taxable income
42 for federal income tax purposes plus income from
43 securities of state and other political subdivisions
44 exempt from federal income tax. A veteran or a
45 beneficiary of a veteran who elects to secure the
46 credit provided in this section is not eligible for
47 any other real property tax exemption provided by law
48 for veterans of military service. If a veteran
49 acquires a different homestead, the credit allowed
50 under this section may be claimed on the new homestead

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1 unless the veteran fails to meet the other
2 requirements of this section."

3 5. Page 18, by inserting after line 2 the
4 following:

5 "Sec. _____. Section 427.1, subsection 2, Code
6 Supplement 2001, is amended by adding the following
7 new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. The operation of bingo
9 games on property of a school corporation shall not
10 adversely affect the exemption of that property under
11 this subsection if all proceeds, in excess of
12 expenses, are used for the legitimate purposes of the
13 school corporation."

14 6. Page 18, by inserting after line 12 the
15 following:

16 "Sec. _____. Section 427.1, subsection 8, Code
17 Supplement 2001, is amended by adding the following
18 new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. The operation of bingo
20 games on property of a literary, scientific,
21 charitable, benevolent, agricultural, and religious
22 institutions and societies shall not adversely affect
23 the exemption of that property under this subsection
24 if all proceeds, in excess of expenses, are used for
25 the legitimate purposes of the institutions or
26 societies.

27 Sec. _____. Section 427.1, subsection 9, Code
28 Supplement 2001, is amended by adding the following
29 new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. The operation of bingo
31 games on property of an educational institution shall
32 not adversely affect the exemption of that property
33 under this subsection if all proceeds, in excess of
34 expenses, are used for the legitimate purposes of the
35 educational institution."

36 7. Page 21, by striking lines 33 through 35.

37 8. Page 22, by striking lines 24 through 29.

38 9. By striking page 22, line 30, through page 23,
39 line 3, and inserting the following:

40 "Sec. _____.

41 1. **ABATEMENT OF SALES AND USE TAXES.** The director
42 of revenue and finance shall abate unpaid state sales
43 and use taxes and local sales and services taxes owed
44 by any foundry located in Lee or Jefferson county on
45 purchases of tangible personal property used by the
46 foundry in making patterns, molds, or dies which
47 purchases occurred between July 1, 1997, and the
48 effective date of this section.

49 2. **REFUNDS.** If the state sales and use taxes and
50 local sales and services taxes have been paid on the

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1 purchases of tangible personal property which occurred
2 between July 1, 1997, and the effective date of this
3 section and which taxes would have been abated under
4 subsection 1 if not paid, then such taxes and any
5 interest and penalties, that were paid, are eligible
6 for refund. However, refunds shall not be allowed
7 unless claims are filed prior to October 1, 2002, and
8 shall be limited to twenty-five thousand dollars in
9 the aggregate. If the amount of claims totals more
10 than twenty-five thousand dollars in the aggregate,
11 the department of revenue and finance shall prorate
12 the twenty-five thousand dollars among all claimants
13 in relation to the amounts of the claimants' valid
14 claims."

15 10. Page 23, by inserting before line 4 the
16 following:

17 "Sec. ____ . VOLUNTEER FIRE FIGHTERS PENSION TASK
18 FORCE -- REPORT. A volunteer fire fighters pension
19 task force is created concerning the establishment of
20 a pension system for volunteer fire fighters in this
21 state. The task force shall examine pension plans
22 established by other states for volunteer fire
23 fighters and shall solicit information from volunteer
24 fire fighters, and cities and townships with volunteer
25 fire fighters, concerning the establishment of a
26 pension system for volunteer fire fighters. The task
27 force shall also identify and examine issues relating
28 to volunteer fire departments' attraction and
29 retention of fire fighters and shall propose solutions
30 to these issues of attraction and retention.

31 Membership of the task force is to be determined by
32 the legislative council. Members shall be appointed
33 by the legislative council. The membership shall
34 include, but not be limited to, the following:

35 1. The commissioner of insurance or the
36 commissioner's designee.

37 2. The treasurer of state or the treasurer's
38 designee.

39 3. A representative of a pension system
40 established pursuant to Code chapter 411.

41 4. A representative of the Iowa public employees'
42 retirement system.

43 5. A representative of a pension system
44 established for private sector employees.

45 6. A representative of the state fire and
46 emergency response council.

47 7. A representative of volunteer fire fighters in
48 the state.

49 8. A representative of township trustees.

50 9. A representative of the Iowa league of cities.

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1 The legislative service bureau and the legislative
2 fiscal bureau shall provide staffing assistance to the
3 task force. The department of management shall
4 provide other assistance to the task force in
5 completing its duties.

6 The task force shall submit a report to the general
7 assembly by January 1, 2003. The report shall contain
8 the findings and recommendations of the task force."

9 11. Page 23, by inserting before line 4, the
10 following:

11 Sec. ____ . IMPLEMENTATION OF ACT. Section 25B.7
12 does not apply to the section of this Act amending
13 section 425.15 relating to the disabled veteran tax
14 credit."

15 12. Page 23, by striking lines 17 through 20.

16 13. Page 23, by striking lines 26 through 30 and
17 inserting the following:

18 " ____ . The section of this Act that provides for
19 the abatement of sales and use taxes owed or the
20 refund of sales and use tax paid on the purchases of
21 certain tangible personal property by a foundry, being
22 deemed of immediate importance, takes effect upon
23 enactment."

24 14. Page 23, by inserting after line 33 the
25 following:

26 " ____ . The section of this Act amending section
27 425.15, being deemed of immediate importance, takes
28 effect upon enactment and applies retroactively to
29 January 1, 2002, for claims filed or on file on or
30 after that date."

31 15. Title page, line 5, by inserting after the
32 word "taxes" the following: ", directing a study,".

33 16. By renumbering, relettering, or redesignating
34 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-8682 FILED APRIL 11, 2002

4/11/02

(P. 1406)

HOUSE FILE 2622**H-8690**

1 Amend the Senate amendment, H-8682, to House File
2 2622, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 2, by striking lines 3 through 35.

By RAECKER of Polk
GARMAN of Story
BODDICKER of Cedar

H-8690 FILED APRIL 11, 2002

adopted

4-11-02

(P. 1406)

HOUSE FILE 2622

AN ACT

RELATING TO THE ADMINISTRATION OF THE TAX AND RELATED LAWS BY THE DEPARTMENT OF REVENUE AND FINANCE, INCLUDING ADMINISTRATION OF STATE INDIVIDUAL INCOME, CORPORATE INCOME, SALES AND USE, PROPERTY, MOTOR FUEL, SPECIAL FUEL, AND INHERITANCE TAXES, DIRECTING A STUDY, AND INCLUDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 404.4, unnumbered paragraph 2, Code Supplement 2001, is amended to read as follows:

An application shall be filed for each new exemption claimed. The first application for an exemption shall be filed by the owner of the property with the governing body of the city or county in which the property is located by February 1 of the assessment year for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation, unless or the following two assessment years, in which case the exemption is allowed for the total number of years in the exemption schedule. However, upon the request of the owner at any time, the governing body of the city or county provides by resolution that the owner may file an application by February 1 of any other assessment year selected by the governing body in which case the exemption is allowed for the number of years remaining in the exemption schedule selected. The application shall contain, but not be limited to, the following information: The nature of the improvement, its cost, the estimated or actual date of completion, the tenants that occupied the owner's building on

the date the city or county adopted the resolution referred to in section 404.2, subsection 1, and which exemption in section 404.3 or in the different schedule, if one has been adopted, will be elected.

Sec. 2. NEW SECTION. 421.17B ADMINISTRATIVE WAGE ASSIGNMENT COOPERATIVE AGREEMENT.

1. DEFINITIONS. As used in this section, unless the context otherwise requires:

a. "Employer" means any person or entity that pays an obligor to do a specific task. "Employer" only includes such a person or entity in an employer-employee relationship and does not include an obligor acting as a contractor, distributor, agent, or in any representative capacity in which the obligor receives any form of consideration.

b. "Employment" means the performance of personal services for another. "Employment" only includes parties in an employer-employee relationship and does not include one acting as a self-employer, contractor, distributor, agent, or in any representative capacity.

c. "Facility" means the centralized debt collection facility of the department of revenue and finance established pursuant to section 421.17, subsection 34.

d. "Obligor" means a person who is indebted to the state or a state agency for any delinquent accounts, charges, fees, loans, taxes, or other indebtedness due the state or indebtedness being collected by the state.

e. "Wage" means any form of compensation due to an obligor. "Wage" includes, but is not limited to, wages, salary, bonus, commission, or other payment directly or indirectly related to employment. If a wage is assigned to the facility, wage only includes a payment in the form of money.

2. PURPOSE AND USE.

a. Notwithstanding other statutory provisions which provide for the execution, attachment, garnishment, or levy against accounts, the facility may utilize the process established in this section to collect delinquent accounts,

charges, fees, loans, taxes, or other indebtedness due the facility or being collected by the facility provided all administrative remedies have been waived or exhausted by the obligor. Any exemptions or exceptions which specifically apply to enforcement of such obligations also apply to this section.

Administrative wage assignment under this section is the equivalent of condemning funds under chapter 642.

The administrative wage assignment is to be considered an additional means of collection by the facility and not an exclusive means of collection. If the use of an administrative wage assignment is not successful in collecting an outstanding debt due the facility, the facility may use the collection provisions set forth in chapters 626 and 642.

b. An obligor is subject to this section if the obligor's debt is being collected by the facility.

c. Any amount forwarded to the facility by an employer under this section shall not exceed the delinquent or accrued amount of the obligor's debt being collected by the facility.

3. NOTICE TO THE OBLIGOR.

a. The facility may proceed under this section only if a ten-day notice has been provided to the obligor. Notice by the facility may be by regular mail to the last known address of the obligor, notifying the obligor that the obligor is subject to this section. If the facility determines that collection of the debt may be in jeopardy, the facility may request that the employer deliver notice of the wage assignment simultaneous with the remainder of or in lieu of the obligor's compensation due from the employer.

The facility may obtain one or more wage assignments of an obligor who is subject to this section. If the obligor has more than one employer, the facility may receive wage assignments from one or all of the employers until the full debt obligation of the obligor is satisfied. If an obligor has more than one employer, the facility shall give notice to all employers that the facility seeks to have an assignment of wages.

b. The notice from the facility to the obligor shall contain all of the following:

(1) The name and social security number of the obligor.

(2) A statement that the obligor is believed to have employment with the stated employer.

(3) A statement that pursuant to the provisions of this section, the obligor's wages will be assigned to the facility for payment of the specified debts and that the employer is authorized and required to forward moneys to the facility.

(4) The maximum amount to be forwarded by the employer, which shall not exceed the delinquent or accrued amount of debt being collected by or owed to the facility by the obligor.

(5) The prescribed time frames the employer must meet in forwarding any amounts.

(6) A statement that any challenge to the action must be in writing and must be received by the facility within ten days of the date of the notice to the obligor.

(7) The address of the facility and the account number utilized by the facility for the obligor.

(8) A telephone number, address, and contact name of the facility initiating the action.

4. VERIFICATION OF EMPLOYMENT AND IMMUNITY FROM LIABILITY.

a. The facility may contact an employer to obtain verification of employment, and any specific information from the employer that the facility needs to initiate, effectuate, or maintain collection of the obligation. Contact with an employer may be by telephone, fax, or by written communication. The employer may require proof of authority from the person from the facility and the telephone number of the authorized person from the facility before releasing an obligor's employment information by telephone.

b. The employer is immune from any civil or criminal liability for information released by the employer to the facility pursuant to this section.

5. COSTS. The facility is not liable for any costs incurred or imposed for initiating, effectuating, or

maintaining an administrative wage assignment under this section. Such costs will be the sole responsibility of the obligor and will be added to the amount to be collected by the facility.

6. ADMINISTRATIVE WAGE ASSIGNMENT -- NOTICE TO THE EMPLOYER.

a. If an obligor is subject to this section, the facility may initiate an administrative wage assignment to have compensation due the obligor to be assigned by the employer to the facility up to the amount of the full debt to be collected by the facility.

b. The facility shall send a notice to the employer within fourteen days of sending notice of the wage assignment to the obligor. The notice shall inform the employer of the amount to be assigned to the facility from each wage, salary, or payment period that is due the obligor. The facility may receive assignment of up to one hundred percent of the obligor's disposable income, salary, or payment for any given period until the full obligation to the facility is paid in full.

c. The notice to the employer shall contain all of the following:

- (1) The name and social security number of the obligor.
- (2) A statement that the obligor is believed to be employed by the employer.
- (3) A statement that pursuant to the provisions of this section, the obligor's wages are subject to assignment and the employer is authorized and required to forward moneys to the facility.
- (4) The maximum amount that shall be forwarded by the employer, which shall not exceed the delinquent or accrued amount of debt being collected by or owed to the facility by the obligor.
- (5) The prescribed time frame the employer must meet in forwarding any amounts.
- (6) The address of the facility and the account number utilized by the facility for the obligor.

(7) A telephone number, address, and name of a contact person with the facility.

7. RESPONSIBILITIES OF EMPLOYER. Upon receipt of the notice of wage assignment from the facility, the employer shall do all of the following:

a. Immediately give effect to the wage assignment and hold compensation which the obligor has owing to the extent of the debt indicated in the notice from the facility.

b. No sooner than ten days, and no later than twenty days from the date the employer receives the notice of wage assignment, unless notified by the facility of a challenge of the wage assignment by the obligor, the employer shall begin forwarding the obligor's compensation, to the extent required in the notice, to the facility with the obligor's name and social security number, the facility's account number for the obligor, and any other information required in the notice.

c. The employer may assess a fee against the obligor, not to exceed twenty-five dollars, for forwarding of moneys to the facility. This fee is in addition to the amount owed to or being collected by the facility from the obligor. If insufficient moneys are available from the obligor's compensation to cover the fee and the amount in the notice, the employer may deduct the fee amount prior to forwarding moneys to the facility and the amount credited to the obligor's account with the facility shall be reduced by the fee amount. However, if the employer can present evidence to the facility that the employer's costs were in excess of twenty-five dollars and that such costs were necessary and reasonable, then the employer may impose a fee in excess of the twenty-five dollar fee limit.

8. CHALLENGES TO ACTION.

a. Challenges under this section may be initiated only by an obligor. An administrative wage assignment only occurs after the obligor has waived or exhausted administrative remedies. Reviews by the facility of a challenge to an administrative wage assignment are not subject to chapter 17A unless the challenge is regarding the validity of the

assignment. Actions under this section are in equity and not actions at law.

b. The obligor challenging the administrative wage assignment shall submit a written challenge to the person identified as the contact for the facility in the notice, within ten days of the date of the notice to the obligor.

c. The facility, upon receipt of a written challenge, shall review the facts of the case with the obligor within ten days of receipt of the challenge. If the obligor is not available for the review on the scheduled date, the review shall take place without the obligor being present. Information in favor of the obligor shall be considered by the facility in the review. The facility may utilize additional information if such information is available. Only a mistake of fact, including, but not limited to, a mistake in the identity of the obligor or a mistake in the amount owed to or being collected by the facility shall be considered as a reason to dismiss or modify the administrative wage assignment.

d. If the facility determines that a mistake of fact has occurred, the facility shall proceed as follows:

(1) If a mistake in identity has occurred or the obligor does not have a delinquent or accrued amount being collected by or owed to the facility, the facility shall notify the employer that the administrative wage assignment has been released. The facility shall provide a copy of the notice to the obligor by regular mail.

(2) If the delinquent or accrued amount being collected by or owed to the facility is less than the amount indicated in the notice, the facility shall provide a notice to the employer of the revised amount, with a copy of the original notice, and issue a notice to the obligor by regular mail. Upon written receipt of the notice from the facility, the employer shall release the funds in excess of the revised amount and forward the revised amount to the facility pursuant to the administrative wage assignment.

(3) Any moneys received by the facility in excess of the amount owed to or to be collected by the facility shall be returned to the obligor.

e. If the facility finds no mistake of fact, the facility shall provide a notice to that effect to the obligor by regular mail and notify the employer to forward the moneys pursuant to the administrative wage assignment.

f. The obligor shall have the right to file an action for wrongful assignment in district court within thirty days of the date of the notice to the obligor, either in the county where the obligor is located or in Polk county where the facility is located.

9. VALIDITY AND DURATION OF A WAGE ASSIGNMENT NOTICE. A notice of wage assignment given to the obligor is effective without the serving of another notice until the earliest of either of the following:

- a. The debt owed to the facility is paid in full.
- b. The obligor receives notice that the wage assignment shall cease.

Expiration of the wage assignment does not affect the obligor's duties and liabilities respecting the wages already withheld pursuant to the wage assignment.

Sec. 3. Section 421.31, subsection 3, Code 2001, is amended by striking the subsection and inserting in lieu thereof the following:

3. AUDIT OF CLAIMS. To set rules and procedures for the preaudit of claims by individual agencies or organizations. The director reserves the right to refuse to accept incomplete or incorrect claims and to review, preaudit, or audit claims as determined by the director.

Sec. 4. NEW SECTION. 421.47 TAX AGREEMENTS WITH INDIAN TRIBES.

1. "Indian country" means the Indian country as defined in 18 U.S.C. § 1151, and includes trust land as defined by the United States secretary of the interior.

2. The department and the governing body of an Indian tribe may enter into an agreement to provide for the

collection and distribution or refund by the department within Indian country of any tax or fee imposed by the state and administered by the department.

An agreement may also provide for the collection and distribution by the department of any tribal tax or fee imposed by tribal ordinance. The agreement may provide for the retention of an administrative fee by the department which fee shall be an agreed-upon percentage of the gross revenue of the tribal tax or fee collected.

3. An Act of Congress regulating the collection of state taxes and their remittance to the states shall preempt an agreement between the department and the governing body of an Indian tribe under this section to the extent such federal Act regulates the collection and remittance of a tax covered by the agreement.

4. An agreement between the department and the governing body of an Indian tribe under this section shall not preclude the negotiation of an amendment to such agreement, which conforms to an Act of Congress regulating the collection of state taxes and their remittance to the states.

Sec. 5. Section 422.7, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 38. Subtract, to the extent not otherwise excluded, the amount of withdrawals from qualified retirement plan accounts made during the tax year if the taxpayer or taxpayer's spouse is a member of the Iowa national guard or reserve forces of the United States who is ordered to active state service or federal service or duty. In addition, a penalty for such withdrawals shall not be assessed by the state.

Sec. 6. Section 422.16, subsection 2, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director, in cooperation with the department of management, may periodically change the filing and remittance thresholds by administrative rule if in the best interest of the state and the taxpayer.

Sec. 7. Section 422.42, subsections 15 and 16, Code Supplement 2001, are amended to read as follows:

15. Sales of building materials, supplies, and equipment to owners, contractors, subcontractors or builders, for the erection of buildings or the alteration, repair, or improvement of real property, are retail sales in whatever quantity sold. If a contractor, subcontractor, or builder is to use building materials, supplies, and equipment in the performance of a construction contract with a designated exempt entity, the person shall purchase such items of tangible personal property without liability for the tax if such property will be used in the performance of the construction contract and a purchasing agent authorization letter and an exemption certificate, issued by the designated exempt entity, are presented to the retailer. Where the owner, contractor, subcontractor, or builder is also a retailer holding a retail sales tax permit and transacting retail sales of building materials, supplies, and equipment, the person shall purchase such items of tangible personal property without liability for the tax if such property will be subject to the tax at the time of resale or at the time it is withdrawn from inventory for construction purposes. The sales tax shall be due in the reporting period when the materials, supplies, and equipment are withdrawn from inventory for construction purposes or when sold at retail. The tax shall not be due when materials are withdrawn from inventory for use in construction outside of Iowa and the tax shall not apply to tangible personal property purchased and consumed by the manufacturer as building materials in the performance by the manufacturer or its subcontractor of construction outside of Iowa. The tax shall not be due when materials are withdrawn from inventory for use in construction performed for a designated exempt entity if an exemption certificate is received from such entity.

For the purposes of this subsection, the sale of carpeting is not a sale of building materials. The sale of carpeting to owners, contractors, subcontractors, or builders shall be

treated as the sale of ordinary tangible personal property and subject to the tax imposed under section 422.43, subsection 1, and the tax imposed under section 423.2.

For purposes of this subsection, "designated exempt entity" means an entity which is designated in section 422.45, subsection 7.

16. The use within this state of tangible personal property by the manufacturer thereof of such property, as building materials, supplies, or equipment, in the performance of construction contracts in Iowa, shall, for the purpose of this division, be construed as a sale at retail thereof of such property by the manufacturer who shall be deemed to be the consumer of such tangible personal property. The tax shall be computed upon the cost to the manufacturer of the fabrication or production thereof of such property. However, the tax shall not apply to tangible personal property purchased and consumed by the manufacturer as building materials, supplies, or equipment in the performance of a construction contract for a designated exempt entity, as defined in subsection 15, if a purchasing agent authorization letter and an exemption certificate are received from such entity and presented to the retailer.

Sec. 8. Section 422.43, subsection 11, Code Supplement 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For purposes of the tax on enumerated services under this subsection, service charges of financial institutions do not include surcharges assessed with regard to nonproprietary ATM transactions. This paragraph is repealed June 30, 2003.

Sec. 9. Section 422.45, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 63. The gross receipts from the sale or rental of tangible personal property or from services performed, rendered, or furnished to a recognized community action agency as provided in section 216A.93 to be used for the purposes of the agency.

Sec. 10. Section 422.47, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 5. For purposes of assisting retailers in properly accounting for nontaxable sales of building materials, supplies, and equipment to be used in the performance of a construction contract for a designated exempt entity, as defined in section 422.42, subsection 15, the designated exempt entity shall issue a purchasing agent authorization letter and an exemption certificate to the contractor, subcontractor, builder, or manufacturer to be used as provided in section 422.42, subsection 15 or 16. The authorization letter and the exemption certificate shall specify the construction project to which they apply and shall be valid only for that project.

The designated exempt entity shall notify the department that such authorization letter and exemption certificate have been issued. The notification shall, to the extent practicable, describe the project and identify the contractors, subcontractors, builders, and manufacturers which will be using the letter and certificate.

If a designated exempt entity is required by law to advertise for bids with regard to the construction project, the entity shall include in its notice to bidders that the entity will issue an exemption certificate for the purchase or use of building materials, supplies, and equipment that will be used in the performance of the construction contract.

The provisions of subsection 3, paragraphs "b", "d", and "e", to the extent not inconsistent with this subsection shall apply to this subsection.

Sec. 11. Section 422.54, subsection 1, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director, in cooperation with the department of management, may periodically change the filing and remittance thresholds under sections 422.51 and 422.52 by administrative rule if in the best interest of the state and the taxpayer to do so.

Sec. 12. Section 422B.10, subsection 2, paragraph a, Code 2001, is amended to read as follows:

a. The director of revenue and finance ~~within-fifteen-days-of-the-beginning~~ by August 15 of each fiscal year shall send to each city or county where the local option tax is imposed, an estimate of the amount of tax moneys each city or county will receive for the year and for each month of the year. At the end of each month, the director may revise the estimates for the year and remaining months.

Sec. 13. Section 422E.3, subsection 5, paragraph a, Code Supplement 2001, is amended to read as follows:

a. The director of revenue and finance ~~within-fifteen-days-of-the-beginning~~ by August 15 of each fiscal year shall send to each school district where the tax is imposed an estimate of the amount of tax moneys each school district will receive for the year and for each month of the year. At the end of each month, the director may revise the estimates for the year and remaining months.

Sec. 14. Section 423.13, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director, in cooperation with the department of management, may periodically change the filing and remittance thresholds by administrative rule if in the best interest of the state and the taxpayer to do so.

Sec. 15. Section 425.7, subsection 3, unnumbered paragraph 2, Code Supplement 2001, is amended to read as follows:

If a claim is disallowed by the director of revenue and finance and not appealed to the state board of tax review or appealed to ~~and-upheld-by~~ the state board of tax review and a ~~petition-for-judicial-review-is-not-filed-with-respect-to-the-disallowance~~ thereafter upheld upon final resolution, including any judicial review, any amounts of credits allowed and paid from the homestead credit fund including the penalty, if any, become a lien upon the property on which credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid including the penalty, if any, shall be

collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and finance and credited to the homestead credit fund. The director of revenue and finance may institute legal proceedings against a homestead credit claimant for the collection of payments made on disallowed credits and the penalty, if any. If a person makes a false claim or affidavit with fraudulent intent to obtain the homestead credit, the person is guilty of a fraudulent practice and the claim shall be disallowed in full. If the credit has been paid, the amount of the credit plus a penalty equal to twenty-five percent of the amount of credit plus interest, at the rate in effect under section 421.7, from the time of payment shall be collected by the county treasurer in the same manner as other property taxes, penalty, and interest are collected and when collected shall be paid to the director of revenue and finance. If a homestead credit is disallowed and the claimant failed to give written notice to the assessor as required by section 425.2 when the property ceased to be used as a homestead by the claimant, a civil penalty equal to five percent of the amount of the disallowed credit is assessed against the claimant.

Sec. 16. Section 425.15, Code 2001, is amended to read as follows:

425.15 DISABLED VETERAN TAX CREDIT.

If the owner of a homestead allowed a credit under this chapter is a veteran of any of the military forces of the United States, who acquired the homestead under 38 U.S.C. § 21.801, 21.802, or 38 U.S.C. § 2101, 2102, the credit allowed on the homestead from the homestead credit fund shall be the entire amount of the tax levied on the homestead. The credit allowed shall be continued to the estate of a veteran who is deceased or the surviving spouse and any child, as defined in section 234.1, who are the beneficiaries of a deceased veteran, so long as the surviving spouse remains unmarried. This section is not applicable to the holder of title to any homestead whose annual income, together with that of the

titleholder's spouse, if any, for the last preceding twelve-month income tax accounting period exceeds ~~twenty-five~~ thirty-five thousand dollars. For the purpose of this section "income" means taxable income for federal income tax purposes plus income from securities of state and other political subdivisions exempt from federal income tax. A veteran or a beneficiary of a veteran who elects to secure the credit provided in this section is not eligible for any other real property tax exemption provided by law for veterans of military service. If a veteran acquires a different homestead, the credit allowed under this section may be claimed on the new homestead unless the veteran fails to meet the other requirements of this section.

Sec. 17. Section 426A.6, Code 2001, is amended to read as follows:

426A.6 SETTING ASIDE ALLOWANCE.

If the director of revenue and finance determines that a claim for military service tax exemption has been allowed by a board of supervisors which is not justifiable under the law and not substantiated by proper facts, the director may, at any time within thirty-six months from July 1 of the year in which the claim is allowed, set aside the allowance. Notice of the disallowance shall be given to the county auditor of the county in which the claim has been improperly granted and a written notice of the disallowance shall also be addressed to the claimant at the claimant's last known address. The claimant or the board of supervisors may appeal to the state board of tax review pursuant to section 421.1, subsection 4. The claimant or the board of supervisors may seek judicial review of the action of the state board of tax review in accordance with chapter 17A. If a claim is disallowed by the director of revenue and finance and not appealed to the state board of tax review or appealed to ~~and upheld by~~ the state board of tax review and ~~a petition for judicial review is not filed with respect to the disallowance thereafter upheld upon final resolution, including judicial review,~~ the credits allowed and paid from the general fund of the state become a

lien upon the property on which the credit was originally granted, if still in the hands of the claimant and not in the hands of a bona fide purchaser, the amount so erroneously paid shall be collected by the county treasurer in the same manner as other taxes, and the collections shall be returned to the department of revenue and finance and credited to the general fund of the state. The director of revenue and finance may institute legal proceedings against a military service tax exemption claimant for the collection of payments made on disallowed exemptions.

Sec. 18. Section 426A.11, subsection 3, Code Supplement 2001, is amended to read as follows:

3. Where the word "veteran" appears in this chapter, it includes, without limitation, the members of the United States air force, ~~and the United States~~ merchant marine, and coast guard.

Sec. 19. Section 427.1, subsection 5, Code Supplement 2001, is amended to read as follows:

5. PROPERTY OF ASSOCIATIONS OF WAR VETERANS. The property of any organization composed wholly of veterans of any war, when such property is devoted entirely to its own use and not held for pecuniary profit. The operation of bingo games on property of such organization shall not adversely affect the exemption of that property under this subsection if all proceeds, in excess of expenses, are used for the legitimate purposes of the organization.

Sec. 20. Section 452A.2, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. "Biofuel" means an oxygenated product derived from soybean oil, vegetable oil, or animal fats that can be used in diesel engines or aircraft. Biofuel may be a blend with diesel fuel or it may be one hundred percent soybean oil, vegetable oil, or animal fats. Any biofuel product is a special fuel.

Sec. 21. Section 452A.6, Code 2001, is amended to read as follows:

**452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
BLENDER'S LICENSE.**

A person other than a supplier, restrictive supplier, or importer licensed under this division, who blends gasoline with alcohol distilled from cereal grains so that the blend contains at least ten percent alcohol distilled from cereal grains, shall obtain a blender's license. A person who blends two or more special fuel products or sells one hundred percent biofuel shall obtain a blender's license. The license shall be obtained by following the procedure under section 452A.4 and the license is subject to the same restrictions as contained in that section. A blender shall maintain records as required by section 452A.10 as to motor fuel, alcohol, and ethanol blended gasoline, and special fuels.

Sec. 22. Section 452A.8, subsection 3, Code 2001, is amended to read as follows:

3. For the purpose of determining the amount of the tax liability on alcohol blended to produce ethanol blended gasoline or a blend of special fuel products, each licensed blender shall, not later than the last day of each month following the month in which the blending is done, file with the department a monthly return, signed under penalty for false certificate, containing information required by rules adopted by the director.

Sec. 23. Section 452A.9, Code 2001, is amended to read as follows:

**452A.9 RETURNS FROM PERSONS NOT LICENSED AS SUPPLIERS,
RESTRICTIVE SUPPLIERS, OR IMPORTERS OR BLENDERS.**

Every person other than a licensed supplier, restrictive supplier, or importer or blender, who purchases, brings into this state, or otherwise acquires within this state motor fuel or undyed special fuel, not otherwise exempted, which the person has knowingly not paid or incurred liability to pay either to a licensee or to a dealer the motor fuel or special fuel tax, shall be subject to the provisions of this division that apply to suppliers, restrictive suppliers, and importers and blenders of motor fuel or undyed special fuel and shall

file the same returns and make the same tax payments and be subject to the same penalties for delinquent filing or nonfiling or delinquent payment or nonpayment as apply to suppliers, restrictive suppliers, and importers and blenders.

Sec. 24. Section 452A.15, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

Every railroad and common carrier or contract carrier transporting motor fuel or special fuel either in interstate or intrastate commerce within this state and every person transporting motor fuel or special fuel by whatever manner into this state shall, subject to penalties for false certificate, report to the department all deliveries of motor fuel or special fuel to points within this state other than refineries or marine or pipeline terminals. If any supplier, restrictive supplier, importer, blender, or distributor is also engaged in the transportation of motor fuel or special fuel for others, the supplier, restrictive supplier, importer, blender, or distributor shall make the same reports as required of common carriers and contract carriers.

Sec. 25. Section 452A.15, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. Persons operating storage facilities at a nonterminal location shall file a monthly report with the department accounting for all motor fuel, alcohol, and special fuel that is delivered into, stored within, withdrawn from, or sold from the storage facility.

Sec. 26. Section 452A.15, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The director may impose a civil penalty against any person who fails to file the reports or keep the records required under this section. The penalty shall be one hundred dollars for the first violation and shall increase by one hundred dollars for each additional violation occurring in the calendar year in which the first violation occurred.

Sec. 27. Section 452A.60, unnumbered paragraph 1, Code 2001, is amended to read as follows:

The department of revenue and finance or the state department of transportation shall prescribe and furnish all forms, as applicable, upon which reports, returns, and applications shall be made and claims for refund presented under this chapter and may prescribe forms of record to be kept by suppliers, restrictive suppliers, importers, exporters, blenders, common carriers, contract carriers, licensed compressed natural gas and liquefied petroleum gas dealers and users, terminal operators, nonterminal storage facility operations, and interstate commercial motor vehicle operators.

Sec. 28. Section 452A.62, subsection 2, unnumbered paragraph 1, Code 2001, is amended to read as follows:

To examine the records, books, papers, receipts, and invoices of any distributor, supplier, restrictive supplier, importer, blender, exporter, terminal operator, licensed compressed natural gas or liquefied petroleum gas dealer or user, or any other person who possesses fuel upon which the tax has not been paid to determine financial responsibility for the payment of the taxes imposed by this chapter.

Sec. 29. Section 516D.3, subsection 6, paragraphs a and b, Code 2001, are amended to read as follows:

a. Mandatory charge does not include an ~~optional-airport imposed airport-imposed~~ fee if the existence and amount of the fee are clearly and conspicuously disclosed immediately adjacent to any advertised rental price. The ~~advertisement must-clearly-and-conspicuously-state-the-method-of-avoiding the-airport-access-fee-and-the~~ customer must be informed of the amount of the fee when the reservation is made. When an advertisement encompasses more than one rental location, the fee may be expressed as the maximum fee or range of fees.

b. Mandatory charge does not include taxes imposed directly upon the rental transaction by an authorized taxing authority. ~~An-airport-imposed-fee-on-gross-receipts-or-an airport-access-fee-is-not-such-a-tax.~~

Sec. 30. Notwithstanding the filing deadline provided in section 427.1, subsection 14, the filing deadline for

organizations, institutions, or societies required to file a claim for a property tax exemption for the assessment year beginning January 1, 2002, for taxes due and payable in the fiscal year beginning July 1, 2003, shall be October 1, 2002.

Sec. 31. Section 70A.17, Code 2001, is repealed.

Sec. 32. ABATEMENT OF PROPERTY TAXES. Notwithstanding the requirement for the filing of a claim for property tax exemption by April 15 as provided in section 427.1, subsection 14, Code Supplement 1999, the board of supervisors of a county having a population based upon the latest federal census of more than one hundred eighty thousand but not more than two hundred thousand shall abate the property taxes owed, with all interest, fees, and costs, levied for the fiscal year beginning July 1, 2000, which were payable during the fiscal year beginning July 1, 2001, on the land and buildings of a religious institution that did not receive a property tax exemption for failure to file for the exemption. To receive the abatement provided in this section, the religious institution shall apply to the county board of supervisors by October 1, 2002, and provide appropriate information establishing that the lands and buildings for which the abatement is sought were used by the religious institution for its appropriate objects during the fiscal year beginning July 1, 2000. The abatement allowed under this section only applies to property taxes, with all interests, fees, and costs, levied for the fiscal year beginning July 1, 2000, and due and payable in the fiscal year beginning July 1, 2001.

Sec. 33.

1. ABATEMENT OF SALES AND USE TAXES. The director of revenue and finance shall abate unpaid state sales and use taxes and local sales and services taxes owed by any foundry located in Lee or Jefferson county on purchases of tangible personal property used by the foundry in making patterns, molds, or dies which purchases occurred between July 1, 1997, and the effective date of this section.

2. REFUNDS. If the state sales and use taxes and local sales and services taxes have been paid on the purchases of

tangible personal property which occurred between July 1, 1997, and the effective date of this section and which taxes would have been abated under subsection 1 if not paid, then such taxes and any interest and penalties, that were paid, are eligible for refund. However, refunds shall not be allowed unless claims are filed prior to October 1, 2002, and shall be limited to twenty-five thousand dollars in the aggregate. If the amount of claims totals more than twenty-five thousand dollars in the aggregate, the department of revenue and finance shall prorate the twenty-five thousand dollars among all claimants in relation to the amounts of the claimants' valid claims.

Sec. 34. VOLUNTEER FIRE FIGHTERS PENSION TASK FORCE -- REPORT. A volunteer fire fighters pension task force is created concerning the establishment of a pension system for volunteer fire fighters in this state. The task force shall examine pension plans established by other states for volunteer fire fighters and shall solicit information from volunteer fire fighters, and cities and townships with volunteer fire fighters, concerning the establishment of a pension system for volunteer fire fighters. The task force shall also identify and examine issues relating to volunteer fire departments' attraction and retention of fire fighters and shall propose solutions to these issues of attraction and retention.

Membership of the task force is to be determined by the legislative council. Members shall be appointed by the legislative council. The membership shall include, but not be limited to, the following:

1. The commissioner of insurance or the commissioner's designee.
2. The treasurer of state or the treasurer's designee.
3. A representative of a pension system established pursuant to Code chapter 411.
4. A representative of the Iowa public employees' retirement system.

5. A representative of a pension system established for private sector employees.

6. A representative of the state fire and emergency response council.

7. A representative of volunteer fire fighters in the state.

8. A representative of township trustees.

9. A representative of the Iowa league of cities.

The legislative service bureau and the legislative fiscal bureau shall provide staffing assistance to the task force. The department of management shall provide other assistance to the task force in completing its duties.

The task force shall submit a report to the general assembly by January 1, 2003. The report shall contain the findings and recommendations of the task force.

Sec. 35. IMPLEMENTATION OF ACT. Section 25B.7 does not apply to the section of this Act amending section 425.15 relating to the disabled veteran tax credit.

Sec. 36. EFFECTIVE DATES.

1. The sections of this Act amending sections 422.42 and 422.47 take effect January 1, 2003, and apply to construction contracts entered into on or after that date.

2. The section of this Act extending the time for filing a claim for property tax exemptions by certain organizations, institutions, or societies, being deemed of immediate importance, takes effect upon enactment.

3. The section of this Act amending section 404.4, relating to the exemption for urban revitalization, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2001, for claims for exemptions made on or after that date.

4. The section of this Act providing for the abatement of property taxes on religious property, being deemed of immediate importance, takes effect upon enactment, and applies retroactively to property taxes due and payable in the fiscal year beginning July 1, 2001.

5. The section of this Act that provides for the abatement of sales and use taxes owed or the refund of sales and use tax paid on the purchases of certain tangible personal property by a foundry, being deemed of immediate importance, takes effect upon enactment.

6. The section of this Act amending section 422.7 applies retroactively to January 1, 2002, for tax years beginning on or after that date.

7. The section of this Act amending section 425.15, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2002, for claims filed or on file on or after that date.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2622, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved May 6, 2002

THOMAS J. VILSACK
Governor