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SENATE FILE
BY FIEGEN

2186

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the procedures and practices of collecting
2 taxes by the department of revenue and finance and the rights
3 of persons under the collection procedures and practices and
4 including effective and applicability date provisions.

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

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WAYS & MEANS

1 Section 1. Section 421.60, subsection 2, Code 2001, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. n. The director shall adopt rules
4 establishing a procedure for the following:

5 (1) Nonbinding mediation requested by the taxpayer or the
6 director on an issue unresolved at the conclusion of an appeal
7 procedure or of unsuccessful attempts to enter into a
8 compromise of any delinquent tax or an agreement to make
9 installment payments of any delinquent tax.

10 (2) Mandatory arbitration requested jointly by the
11 taxpayer and the director on an issue unresolved at the
12 conclusion of an appeal procedure or of unsuccessful attempts
13 to enter into a compromise of any delinquent tax or an
14 agreement to make installment payments of any delinquent tax.

15 Sec. 2. Section 421.60, Code 2001, is amended by adding
16 the following new subsections:

17 NEW SUBSECTION. 11. LEVY OF EXECUTION TOLLED. A levy of
18 execution shall not be made on the property or rights to
19 property of any person with respect to any delinquent tax
20 during any of the following periods:

21 a. The period during which an offer to compromise or to
22 make installment payments of a delinquent tax is pending with
23 the department. An offer is pending with the department
24 beginning on the date the department receives the offer for
25 processing.

26 b. The thirty-day period after the rejection of an offer
27 to compromise or make installment payments of a delinquent tax
28 or the thirty-day period of the appeal of such rejection.

29 c. The period an installment payment agreement, if any,
30 for payment of a delinquent tax is in effect.

31 d. The thirty-day period after the termination of an
32 installment payment agreement for payment of a delinquent tax
33 or the thirty-day period of the appeal of such termination.

34 NEW SUBSECTION. 12. PROPERTY EXEMPT FROM LEVY. Items
35 listed as exempt from levy for federal tax purposes in section

1 6334(a) of the Internal Revenue Code shall be exempt from the
2 levy of execution for delinquent taxes of this state in the
3 same manner and to the same extent as exempted for federal tax
4 purposes.

5 Sec. 3. Section 422.26, unnumbered paragraphs 1, 7, and 8
6 Code 2001, are amended to read as follows:

7 Whenever any taxpayer liable to pay a tax and penalty
8 imposed refuses or neglects to pay the same, the amount,
9 including any interest, penalty, or addition to such the tax,
10 together with the costs that may accrue in addition ~~thereto~~ to
11 the tax, shall be a lien in favor of the state upon all
12 property and rights to property, whether real or personal,
13 belonging to ~~said~~ the taxpayer, except the items of property
14 identified in section 421.60, subsection 12.

15 The department shall, substantially as provided in this
16 chapter and chapter 626, proceed to collect all taxes and
17 penalties as soon as practicable after they become delinquent,
18 except that ~~no-property-of-the-taxpayer-is~~ the items of
19 property identified in section 421.60, subsection 12, are
20 exempt from payment of the tax. If service has not been made
21 on a distress warrant by the officer to whom addressed within
22 five days from the date the distress warrant was received by
23 the officer, the authorized revenue agents of the department
24 may serve and make return of the warrant to the clerk of the
25 district court of the county named in the distress warrant,
26 and all subsequent procedure shall be in compliance with
27 chapter 626.

28 The distress warrant shall be in a form as prescribed by
29 the director. It shall be directed to the sheriff of the
30 appropriate county and it shall identify the taxpayer, the tax
31 type, and the delinquent amount. It shall direct the sheriff
32 to distrain, seize, garnish, or levy upon, and sell, as
33 provided by law, any nonexempt real or personal property
34 belonging to the taxpayer to satisfy the amount of the
35 delinquency plus costs. It shall also direct the sheriff to

1 make due and prompt return to the department or to the
2 district court under chapters 626 and 642 of all amounts
3 collected.

4 Sec. 4. EFFECTIVE AND APPLICABILITY DATE PROVISIONS. This
5 Act, being deemed of immediate importance, takes effect upon
6 enactment and applies to taxes that first become delinquent or
7 are delinquent on or after the effective date.

8 EXPLANATION

9 This bill adds to the state tax procedures and practices
10 Act a number of provisions that are modeled after the federal
11 Internal Revenue Service Restructuring and Reform Act of 1998
12 (P.L. No. 105-206). One provision includes the establishment
13 of procedures for nonbinding mediation upon the request of the
14 taxpayer or the director of revenue and finance and
15 establishment of procedures for mandatory arbitration upon the
16 joint request of the taxpayer and the director. A second
17 provision forbids the taking of the taxpayer's property to pay
18 taxes during the period when a request for a compromise of the
19 tax or request for installment payments of the tax are pending
20 before the director, during the 30-day period following
21 rejection of such request or during the appeal of the
22 rejection of such request, and the 30-day period following
23 termination of an installment payment agreement or the 30-day
24 period of appeal of such termination. The final provision
25 identifies items of property of persons which are exempt from
26 execution and payment of any tax. These items include wearing
27 apparel; fuel, provisions, furniture, and personal effects of
28 \$6,250 adjusted for inflation; books and tools of a trade,
29 business, or profession of \$3,125 adjusted for inflation;
30 unemployment benefits; workmen's compensation; child support
31 payments; minimum exemption for wages and salary; service-
32 connected disability payments; and the principal residence of
33 the taxpayer, and certain business assets.

34 The bill takes effect upon enactment and applies to taxes
35 first delinquent or remaining delinquent on or after the

1 effective date.

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