



## Iowa Department of Revenue's Regulatory Plan for Fiscal Year 2026

### **Purpose**

Executive Order Number 09 requires each state agency to submit an annual Regulatory Plan detailing foreseeable rulemaking initiatives for the upcoming fiscal year that the agency reasonably expects to issue in proposed or final form. The Iowa Department of Revenue (Department) reasonably expects to initiate regulatory action in Fiscal Year 2026 in the form of rulemaking initiatives for 701 Iowa Administrative Code (IAC) as identified and outlined in this Regulatory Plan.

### **Regulatory Objectives**

The Director has established the following regulatory objectives for any rulemaking action:

- Strive to adopt rules that are authorized by state law and that aid in interpreting the law or serve an important public need.
- Strive to revise and adopt rules that are clear and easy to understand, with the goal of minimizing the potential for uncertainty.
- Strive to narrowly-tailor rules to impose the least possible burden on individuals, businesses, and other entities.
- Strive to use an open, inclusive process for rulemaking.

### **Proposed Regulatory Actions**

The Department's Regulatory Plan includes future rulemakings that:

- Comply with legislation
- Improve Department policies and procedures.
- Follow applicable rulemaking procedures.
- Are authorized and consistent with statutory authority.

### **Public Rulemaking Docket**

The Department utilizes the public rulemaking docket available to all agencies on the Iowa legislature's website and can be accessed at [www.legis.iowa.gov/law/administrativeRules/tracker](http://www.legis.iowa.gov/law/administrativeRules/tracker).

### **Agency Contact**

Any written submissions, written requests, or other communication with respect to administrative rules- related matters may be directed to:

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### **General Rulemaking Initiatives**

**Executive Order 10:** In Fiscal Year 2026, the Department plans to continue to abide by Governor Reynolds' Executive Order 10 requiring each state agency to conduct a comprehensive review of the IAC. Rule drafting will continue to proceed throughout Fiscal Year 2026 to file the repeal and readoption of the remaining rule chapters as required by Executive Order 10.

### **Contested Cases Amendment**

Description: This proposed rulemaking is to provide updated rules on Department processes regarding contested case procedures for modernized electronic filing capabilities. Once the Department has undergone completion of its Modernization Project, Iowans will be able to utilize GovConnectIowa for appeals, petitions for declaratory order, petitions for rulemaking, and petitions for rule waiver for all matters before the Department. No alternative to rulemaking has been identified.

Preliminary Estimate: There are no costs to the agency of implementing or enforcing these rules beyond those that would otherwise be required to administer the statute.

Legal Basis: Authorized by Iowa Code sections 99G.9, 123.10, and 421.17

Statement of Need: The Department is amending rules to maintain consistency with policy implementation.

Contemplated Schedule: The Regulatory Analysis was published in the Iowa Administrative Bulletin (IAB) on July 23, 2025, and the Notice of Intended Action is anticipated to be published in the Fall of 2025.

### **Alcohol Tax Disputes**

Description: The Department is directed under Iowa Code section 123.37(4) to adopt rules establishing procedures for payment of disputed taxes imposed under Iowa Code chapter 123. Additionally, rule 701–1000.28 is proposed to be amended to accurately reflect the fee charged to class "E" retail alcohol licensees for dishonored payment of alcoholic liquor payments. No alternative to rulemaking has been identified, due to the rulemaking being required by statute.

Preliminary Estimate: If the Department is able to collect a fee for dishonored payment for payment of alcoholic liquor in the exact amount charged by the financial institution providing payment services, then the Department will not absorb any additional costs. There is no economic impact from the rest of the proposed rulemaking beyond what is contained in statute.

Legal Basis: Authorized by Iowa Code section 123.10 and required by section 123.3.

Statement of Need: The Department is adopting a rule to remain consistent with the statutory directive and amending a second rule for clarifying consistencies.

Contemplated Schedule: The Regulatory Analysis is anticipated to be published in the IAB on August 6, 2025.

### **Rulemaking Initiatives Required, Authorized, or Implicated by Recent Legislative Action**

The Department has identified the following rulemaking initiatives required, authorized, or implicated due to recent legislative action.

#### **2025 Iowa Acts, House File 470**

Description: This legislation expanded the definition of “mixed drink or cocktail” to include alcoholic beverages composed of wine or beer. This definition amendment also expanded the retail alcohol license classifications allowed to fill, sell, and serve mixed drinks or cocktails. The Department is proposing to amend rule 701—1000.22(123) to reflect these changes. Additionally, the legislation codified the requirements for mixed drinks or cocktails not for immediate consumption, commonly known as infusion; therefore, the Department is proposing to rescind the now redundant and outdated rule 701—1000.19(123). No alternative to rulemaking has been identified.

Preliminary Estimate: There is no economic impact from the proposed rules beyond what is contained in statute.

Legal Basis: Implicated by 2025 Iowa Acts, House File 470

Statement of Need: The Department is amending rules to remain consistent with the statutory directive, including rescinding one that is now duplicative of statute.

Contemplated Schedule: The Regulatory Analysis for this rulemaking was published in the IAB on June 11, 2025, and the Notice of Intended Action is anticipated to be published in August 2025.

#### **2025 Iowa Acts, House File 976**

Description: Division VI, Section 16 of this legislation amends Iowa Code section 423.2(1)(b) to clarify when sales tax is due on building materials and supplies. No alternative to rulemaking has been identified.

Preliminary Estimate: There is no economic impact from the proposed rules beyond what is contained in statute.

Legal Basis: Implicated by 2025 Iowa Acts, House File 976, Division VI, Section 16

Statement of Need: The Department is amending rules to remain consistent with the statutory directive.

Contemplated Schedule: The Department plans to propose a rulemaking to amend IAC chapter 701–219 to align with these changes in the first half of Fiscal Year 2026.

### **2024 Iowa Acts, House File 2661**

Description: This legislation created Iowa Code section 422.12P which allows for certain individuals to claim a moving expense tax credit for those who establish residency in Iowa after July 1, 2024, upon taking full-time employment as a public safety officer in Iowa. The tax credit equals the unreimbursed moving expenses paid or incurred by the individual, not to exceed \$2,000. The law took effect July 1, 2024, and applies to tax years beginning on or after January 1, 2024. No alternative to rulemaking has been identified, due to the rulemaking being mandated by statute.

Preliminary Estimate: The proposed rules instruct individuals how to properly calculate and claim the tax credit. The Department will be unable to properly administer the tax credit without the proposed rules. The only individuals that bear the costs of the proposed rules are those that will potentially benefit from the tax credit.

Legal Basis: Required by 2024 Iowa Acts, House File 2661; Iowa Code section 422.12P

Statement of Need: The Department is adopting a rule to remain consistent with the statutory directive

Contemplated Schedule: The Regulatory Analysis was published in the IAB on June 25, 2025, and the Notice of Intended Action is anticipated to be published in August 2025.

### **2024 Iowa Acts, Senate File 345**

Description: The regulation of devices under this legislation required the adoption of new administrative rules. The Department is proposing to adopt new Chapter 235, which describes the Department's interpretation of Iowa Code chapter 453E as it applies to the regulation and taxation of devices. No alternative to rulemaking has been identified, due to the rulemaking being required by statute.

Preliminary Estimate: There is no economic impact from the proposed rules beyond what is contained in statute.

Legal Basis: Required by 2024 Iowa Acts, Senate File 345

Statement of Need: The Department is adopting a new rule chapter to remain consistent with the statutory directive.

Contemplated Schedule: The Regulatory Analysis was published in the IAB on July 23, 2025, and the Notice of Intended Action is anticipated to be published in the Fall of 2025.