

# **IOWA** **Department of REVENUE**

2008

LEGISLATIVE SUMMARIES

EMPHASIZING TAX AND FINANCE ISSUES

*July 2008*

## 2008 IOWA LEGISLATURE TAX RELATED ACTIONS

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# WEB SEARCH PORTAL PROPERTY AND SALES TAX EXEMPTIONS

## Prior Law

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None

## New Provisions

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HF 2233 is virtually identical to last year's Web Search Portal Bill, now codified in Code sections 423.3 (92) and 427.1 (35). The key difference is that HF 2233 expands the definition of "web search portal business" to include any entity "whose business among other businesses" is to provide a web search portal. Otherwise, the House File retains the same limitations on the type of web search portal businesses which can take advantage of its exemptions, primarily that the web search portal business shall have a physical location in Iowa and buy, option, or lease Iowa land not later than December 31, 2008. The advantages to the web search portal business include property tax exemptions for property used in the web search portal building, exclusive of the land and the building shell in which the business is located; and sales and use tax exemptions for the sale or rental of computers and equipment necessary for the maintenance and operation of the business, including back-up power generation fuel and electricity.

## Section Amended

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Section 1 of House File 2233 amends section 423.3 by adding a new sales tax exemption in subsection 93; and section 2 amends section 427.1 by adding a new property tax exemption in subsection 36. Both amendments apply to Iowa Code Supplement 2007.

## Effective Date

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July 1, 2008

# INCOME TAX EXCLUSION FOR VIETNAM CONFLICT VETERANS BONUS

## Prior Law

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A Vietnam Conflict veterans bonus was available for persons who served on active duty in the United States armed forces from July 1, 1973 through May 31, 1975. This fund is established under the Iowa Department of Veterans Affairs. Eligible persons had to have been a resident of Iowa at the time of entering active duty service. Eligible persons who served in the Vietnam service area received \$17.50 for each month of service not to exceed \$500. Eligible persons who served in active duty but not in the Vietnam service area received \$12.50 for each month of service not to exceed \$300.

The amount of bonus received that is included in the veteran's federal adjusted gross income is not included in the veteran's Iowa net income.

## New Provisions

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A Vietnam Conflict veterans bonus is now available for persons who served on active duty in the United States armed forces from July 1, 1958 through May 31, 1975, and who have not received a bonus for that service from Iowa or any other state. A person eligible to receive this bonus must have been inducted into active duty from Iowa, had previously applied for a bonus from Iowa and had been denied based on residency, and must apply for the bonus by July 1, 2010. Eligible persons who served in the Vietnam service area may receive \$17.50 for each month of service not to exceed \$500. Eligible persons who served in active duty but not in the Vietnam service area may receive \$12.50 for each month of service not to exceed \$300.

The amount of bonus received by a Vietnam veteran that is included in the veteran's federal adjusted gross income is not included in the veteran's Iowa net income.

## Section Amended

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Section 2 of House File 2283 amends section 422.7, subsection 51, Code Supplement 2007.

## Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 HF 2283**

EXEMPTING 2008 RECOVERY REBATE CREDIT  
FROM IOWA INDIVIDUAL INCOME TAX

Prior Law

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None

New Provisions

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The Economic Stimulus Act of 2008 (Public Law 110-185), passed by Congress in February 2008, provides for a federal income tax rebate. This rebate is \$600 for single taxpayers, \$1,200 for married couples, and \$300 for each child who is eligible for the federal child tax credit. These rebates are phased out for taxpayers with adjusted gross income over \$75,000, and are phased out for joint filers with adjusted gross income over \$150,000. These rebates will not be issued after December 31, 2008.

This federal tax rebate will not be included as part of the federal income tax refund for Iowa income tax purposes for the 2008 tax year. Thus, the net effect is that the federal rebate credit will not be subject to Iowa individual income tax.

Section Amended

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Section 1 of House File 2417 amends section 422.9, Code 2007, by adding new subsection 8.

Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date and before January 1, 2009.

DEPENDENT CHILD HEALTH INSURANCE  
NOTIFICATION

Prior Law

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None

New Provisions

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Starting with the 2008 individual income tax return form, a taxpayer may report the presence or absence of health care coverage for each dependent child for which the dependent credit is claimed on the return. If the return indicates that a dependent child does not have health care coverage and the income shown on the tax return does not exceed the highest level of income eligibility for the medical assistance (Medicaid) program or the Hawk-I (Healthy and Well Kids in Iowa) program, the Department shall send notice to the taxpayer that the dependent child may be eligible for either of these two programs. The Department shall also provide information about how to enroll in either of these programs.

The taxpayer shall not be subject to any penalty for not providing information regarding health care coverage to the Department.

The Department, with assistance from the Department of Human Services, is required to report annually, to the governor and the general assembly, the number of Iowa families, by income level, claiming the dependent credit. In addition, the report must also provide information on the number of Iowa families who either provide or do not provide health care coverage for their dependent children. Finally, the report must provide information on the impact of this reporting requirement on the number and percentage of children in Iowa who are uninsured.

Section Amended

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Section 4 of House File 2539 creates new section 422.12K.

Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 HF 2539**

REPEAL OF SILO TAX AND INCREASE IN SALES AND  
USE TAXES

Prior Law

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The state sales and use tax rate was five percent on the dollar. A local option sales and services tax of up to one percent could be imposed by a county on behalf of its school districts for the repair or improvement of its infrastructure under Chapter 423E of the Code. This tax could be imposed only after an election at which a majority of those voting on the question favored its imposition. The tax was automatically repealed at the end of a ten-year period but could be repealed earlier by a majority of those voting on a question of repeal. Revenue collected by the tax was placed in a “secure an advanced vision for education fund” and was allocated to participating school districts by the use of a complex formula.

New Provisions

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The state sales and use tax rate is increased to six percent on the dollar except that the tax imposed on the use of vehicles subject to registration or subject only to the issuance of a certificate of title remains at five percent. The state sales and use tax rates return to five percent on January 1, 2030. Revenues resulting from the tax increase are taken from the general fund and placed in the “secure an advanced vision for education fund.” Those provisions of Chapter 423E which allow a SILO tax to be imposed after a vote of taxpayers, within one county, and which require the Director to place the funds collected in the “secure an advanced vision for education fund,” as it existed prior to July 1, 2008, are repealed. School districts with a SILO tax in existence prior to the effective date of the repeal of the SILO tax will receive the same amount of tax money from the increased statewide tax as they would have received had the SILO tax remained in existence. They will receive that amount for as long as the SILO tax would have remained in existence in their districts with the exception of two districts which enacted the SILO tax in 2007. Those two districts will receive their guaranteed amounts for five years only. The bill contains provisions explaining how the rate increase is to be applied to construction contracts and contracts for services which call for periodic payments and which span the effective date of the bill.

Section Amended

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Sections 4 through 13 of House File 2663 amend sections 423.3 and 423.5 of the Code 2007; section 14 amends section 423.43, Code Supplement 2007; sections 15 through 26 amend Chapter 423E of the Code and Code Supplement 2007; sections 27 through 32 create new chapter 423F of the Code; section 33 repeals section 423E.1 of the Code 2007; section 34 repeals section 423E.2 of the Code Supplement 2007. Sections 35

and 36 describe transition issues with the tax increase from 5% to 6%. Sections 69 through 73 of House File 2700 make certain crucial changes to sections 21, 22, 25, 28, and 29 of House File 2663.

Effective Date

July 1, 2008

**08 HF 2663**

COLLEGE SAVINGS SECTION 529 INHERITANCE  
TAX EXEMPTION

Prior Law

Section 529 college savings plan funds are owned by the plan participant. If a plan participant dies, the funds would pass to the contingent plan participant or to the estate if a contingent plan participant has not been named. If the contingent plan participant or recipient of the funds does not have a lineal relationship to the deceased, the funds would be subject to the Iowa inheritance tax.

New Provisions

The new provision exempts the value of any interest in a Section 529 college savings plan from the Iowa inheritance tax. This is true whether the plan is an Iowa-sponsored plan or a plan sponsored by another state or organization.

Section Amended

Section 1 of House File 2673 amends Code Section 12D.9, Code 2007, by adding new subsection 3; section 2 amends Code Section 450.4, Code Supplement 2007, by adding new subsection 10.

Effective Date

July 1, 2008 for all qualified plans that are in existence on or after July 1, 1998.

**08 HF 2673**

URBAN REDEVELOPMENT TAX CREDIT

Prior Law

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None

New Provisions

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A tax credit is available for individual income tax, corporation income tax, franchise tax, insurance premiums tax and moneys and credits tax related to redevelopment of sites considered to be “brownfield” and “grayfield” sites. Brownfield sites have potential environmental contamination. Grayfield sites have infrastructure in place, but the property’s current use is outdated.

This tax credit program is administered by the Department of Economic Development, and applications for the tax credit are filed with the Brownfield Redevelopment Advisory Council of the Department of Economic Development.

The amount of the tax credit equals a percentage of the taxpayer’s qualifying investment in a site as follows:

<u>Type of Investment</u>	<u>Tax Credit Percentage</u>
Grayfield site	12%
Grayfield site if green development standards met	15%
Brownfield site	24%
Brownfield site if green development standards met	30%

The total amount of tax credits available is one million dollars for the fiscal year beginning July 1, 2009. An investment made prior to January 1, 2009, or after June 30, 2010, will not qualify for the tax credit. The maximum amount of tax credit for any one qualifying redevelopment project cannot exceed \$100,000.

Any tax credit in excess of the tax liability is not refundable but may be credited to the tax liability for the following five years or until depleted, whichever is the earlier. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to an individual. The amount claimed by the individual shall be based on the pro rata share of earnings of the partnership, limited liability company, S corporation, estate, or trust.

A tax credit certificate is issued by the Department of Economic Development for the amount of the tax credit. This tax credit certificate must be attached to the tax return. A tax credit certificate cannot be used for a tax year beginning prior to July 1, 2009.

The tax credit certificate may be transferred to any person or entity. Within ninety days of transfer, the transferee submits the transferred tax credit certificate to the Department of Revenue. Within thirty days of receiving the transferred tax credit certificate, the Department of Revenue issues a replacement tax credit certificate to the transferee. Any consideration received for the transfer of the tax credit shall not be included as income for Iowa tax purposes. Any consideration paid for the transfer of the tax credit shall not be deducted from income for Iowa tax purposes.

For Iowa individual income, corporation income and franchise tax purposes, the increase in the basis of the redeveloped property that would otherwise result from the qualified redevelopment costs shall be reduced by the amount of the tax credit.

### Section Amended

Section 2 of House File 2687 creates new section 15.293A. Section 8 creates new section 422.11V. Section 9 amends section 422.33, Code Supplement 2007, by adding new subsection 25. Section 10 amends section 422.60, Code Supplement 2007, by adding new subsection 10. Section 11 creates new section 432.12L. Section 12 amends section 533.329, subsection 2, Code Supplement 2007, by adding new paragraph n.

### Effective Date

The fiscal year beginning on July 1, 2009, for investments made on or after January 1, 2009 but before July 1, 2010.

**08 HF 2687**

BIODIESEL BLENDED FUEL TAX CREDIT

Prior Law

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Individual income and corporation income tax credits are available for retail dealers who sell biodiesel blended fuel through motor fuel pumps during the tax year. To be eligible for the tax credit, fifty percent or more of the total gallons of diesel fuel sold in the aggregate at all motor fuel sites during the tax year must be biodiesel blended fuel.

The tax credit equals three cents multiplied by the total number of gallons of biodiesel blended fuel sold at all motor fuel sites during the retail dealer's tax year. Any credit in excess of the tax liability is refundable

New Provisions

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Rather than the aggregate of all sites to be eligible for the tax credit, fifty percent or more of the total gallons of diesel fuel sold at each motor fuel site must be biodiesel blended fuel. The biodiesel blended fuel tax credit is then calculated separately for each qualifying retail motor fuel.

The tax credit still is three cents multiplied by the total number of gallons of biodiesel blended fuel at the qualified site.

Section Amended

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Section 31 of House File 2689 amends section 422.11P, subsection 2, paragraph a, subparagraphs (1) and (2), Code Supplement 2007. Section 32 amends section 422.11P, subsection 3, Code Supplement 2007. Section 33 amends section 422.33, subsection 11C, paragraph c, Code Supplement 2007.

Effective Date

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January 1, 2009, for tax years beginning on or after that date.

CHARITABLE CONSERVATION CONTRIBUTION  
TAX CREDIT

Prior Law

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None

New Provisions

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Taxpayer may claim a tax credit by conveying real property as an unconditional charitable donation in perpetuity to a qualified organization exclusively for conservation purposes. The tax credit is for fifty percent of the fair market value of a qualified real property interest located in Iowa, up to a maximum amount of \$100,000. The amount of the contribution for which the tax credit is claimed is not deductible as an itemized deduction for Iowa income tax purposes.

The terms “conservation purpose,” “qualified organization” and “qualified real property interest” mean the same as set forth in Section 170(h) of the Internal Revenue Code, except that a conveyance of land for open space for the purpose of fulfilling density requirements to obtain subdivision or building permits is not considered a conveyance for a conservation purpose.

Any tax credit in excess of the tax liability is not refundable but may be credited to the tax liability for the following twenty years or until depleted, whichever is the earlier. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to an individual. The amount claimed by the individual shall be based on the pro rata share of earnings of the partnership, limited liability company, S corporation, estate, or trust.

Section Amended

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Section 62 of House File 2700 creates new section 422.11V. Section 63 amends section 422.33, Code Supplement 2007, by creating new subsection 25.

Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 HF 2700-A**

CHANGES TO THE EXEMPT PURCHASE AMOUNT  
FOR MOBILE HOMES AND MANUFACTURED  
HOMES

Prior Law

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When calculating the use tax on the purchase of a mobile home or manufactured home, the exempt purchase amount is forty percent.

New Provisions

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When calculating the use tax due on the purchase of a mobile home or manufactured home, the exempt purchase amount is changed from forty percent to eighty percent.

Section Amended

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Section 64 of House File 2700 amends section 423.6, subsection 14, Code 2007.

Effective Date

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July 1, 2008

FUNDING URBAN RENEWAL PROJECTS  
THROUGH LOCAL OPTION SALES TAX

Prior Law

Local option tax revenue received by a city or county could be spent “for any lawful purpose of the city or county.” However, that general grant of power was limited by the restriction that local option tax revenue could only be spent for the purposes specified in the “ballot proposition” which was voted upon when the local option sales tax was enacted. Any change in the use of local option revenue from purposes specified in the ballot proposition enacting the tax could come only as a result of another election. No special treatment was accorded tax revenues used to fund urban renewal projects.

New Provisions

A change in the use of local sale and service tax revenues for the purpose of funding an urban renewal project no longer requires an election but can now be done by ordinance of the city council of an eligible municipality.

Section Amended

Section 65 of House File 2700 amends section 423B.1, subsection 6, Code Supplement 2007; section 66 amends section 423B.7, subsection 1, Code 2007; section 67 amends section 423.B.7, Code 2007; section 68 amends chapter 423B by creating a new section 423.10B.

Effective Date

July 1, 2008

**08 HF 2700-C**

PROPERTY ASSESSMENT APPEAL BOARD

Prior Law

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It was not clear that an appeal to the board was a contested case; however, the appeal board treated a case as such.

A meeting of the board to deliberate on the decision in an appeal is confidential; however, it was not clear these deliberations were exempt from chapter 21 (open meetings).

Additional evidence to sustain the ground for protest could be introduced in an appeal from the local board of review or the property assessment appeal board to district court.

A decision of the board was final agency action for purposes of further appeal; however, the appeal section did not make clear that an appellant had to follow the provisions of chapter 17A when seeking judicial review of agency action.

New Provisions

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An appeal to the board is a contested case under chapter 17A.

A meeting of the board to rule on procedural motions in a pending appeal or to deliberate on the decision in an appeal is exempt from the provisions of chapter 21 (open meetings law).

Additional evidence to sustain the ground for protest may be introduced in an appeal from the local board of review to district court but not from the property assessment appeal board to district court.

A person may seek judicial review of a decision of the property assessment appeal board under chapter 17A.

Section Amended

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Section 74 of House File 2700 amends section 441.37A, subsection 1, Code 2007;

section 75 amends section 441.37A, subsection 2, Code 2007; section 76 amends section 441.38, subsection 1, Code 2007; and section 77 amends chapter 441 by adding new section 441.38B.

### Effective Date

July 1, 2008

**08 HF 2700-D**

## WAGE-BENEFITS TAX CREDIT REPEAL

### Prior Law

Businesses creating new jobs for which the wages and benefits paid equal at least 130% of the average county wage are eligible for a wage-benefits tax credit. The amount of the credit issued per fiscal year cannot exceed \$10 million for the fiscal year beginning July 1, 2006, and cannot exceed \$4 million for fiscal years beginning on or after July 1, 2007. Businesses that received a wage-benefits tax credit are eligible for the credit for the subsequent four years if the business retained the new job and an application is filed for the retained job.

In issuing the \$4 million of wage-benefits tax credits for the fiscal year beginning July 1, 2007, preference was given to those businesses that retained jobs and filed applications between July 2006 and March 2007 for the fiscal year beginning July 1, 2006. If applications for these jobs are not received, then credits were issued for those retained jobs for which applications were received in April 2007 for the previous fiscal year. In essence, the order in which applications were received for the fiscal year beginning July 1, 2006, will determine the order in which tax credits were issued for the fiscal year beginning July 1, 2007.

### New Provisions

The wage-benefits tax credit provision has been repealed. However, this repeal does not affect the availability of tax credits for qualified new jobs in existence on June 30, 2008. Qualified new jobs in existence on June 30, 2008, shall continue to be eligible to receive the wage-benefits tax credit for the fiscal years beginning July 1, 2008, July 1, 2009 and July 1, 2010, with preference given to retained jobs for which applications were filed between July 2006 and March 2007 for the fiscal year beginning July 1, 2006. A business is not entitled to a tax credit for a qualified new job created on or after July 1, 2008. There will be no wage-benefits tax credits issued for fiscal years beginning on or after July 1, 2011.

### Section Amended

Section 163 of House File 2700 repeals section 422.33, subsection 18, Code Supplement 2007. Section 164 repeals section 422.60, subsection 10, Code Supplement 2007. Section 165 repeals section 533.329, subsection 2, paragraph m, Code Supplement 2007. Section 166 repeals sections 15I.2, 15I.3 and 422.11L, Code Supplement 2007. Section 167 repeals sections 15I.1, 15I.4, 15I.5 and 432.12G, Code 2007.

### Effective Date

July 1, 2008  
**08 HF 2700-E**

## PROPERTY TAX CREDIT FUNDING

### Prior Law

Section 425.1(1) provides an annual unlimited appropriation for reimbursements to counties for homestead tax credits allowed to qualified homeowners.

Section 426.1 provides a limited annual appropriation of \$39,100,000 for reimbursements to counties for agricultural land tax credits allowed for eligible land. The first \$10,000,000 is to be transferred to the family farm tax credit fund pursuant to section 425A.1 for reimbursements to counties for credits allowed to eligible family farmers.

Section 426A.1A provides an annual unlimited appropriation for reimbursements to counties for military service tax credits allowed to qualified military veterans.

Section 425.39 provides an annual unlimited appropriation for reimbursements to counties for tax credits allowed to elderly and disabled homeowners and for reimbursements to elderly and disabled renters.

### New Provisions

For the 2008-2009 fiscal year, the Iowa Legislature appropriated the following amounts:

- Homestead credit \$99,254,781
- Ag. land & family farm credit \$34,610,183
- Military exemption \$2,800,000
- Elderly & disabled credit/reimbursement \$23,204,000

If the appropriation for the homestead credit, military exemption, or elderly/disabled credit is insufficient to fully fund the program, credit or exemption will be granted at a reduced proportional amount. For fiscal year 2008-2009, the Department of Revenue

estimates that the homestead credit will be 72% funded, the military exemption 100% funded, and the elderly/disabled tax credit/rent reimbursement 100% funded.

### Section Amended

Section 5 of House File 2700 lists the amount appropriated for each program.

### Effective Date

May 15, 2008

**08 HF 2700-F**

## SOY-BASED TRANSFORMER FLUID TAX CREDIT

### Prior Law

A soy-based transformer fluid tax credit is available for individual income tax, corporation income tax, sales/use tax and replacement tax.

An electric utility can claim a credit equal to the costs it incurs during the tax year for the purchase and replacement costs relating to the transition from using non-soy-based transformer fluid to using soy-based transformer fluid. The costs must be incurred after June 30, 2006, and before January 1, 2008, and must be incurred during the first eighteen months of the transition. The cost of the purchase and replacement cannot exceed two dollars per gallon of soy-based transformer fluid, and the number of gallons eligible for the credit cannot exceed 20,000 gallons per electric utility. The total amount of soy-based transformer fluid eligible for the tax credit cannot exceed 60,000 gallons in the aggregate.

Any credit in excess of the tax liability is refundable.

### New Provisions

The costs must be incurred after June 30, 2006, and before January 1, 2009, to be eligible for the soy-based transformer fluid tax credit. Thus, the tax credit was extended through December 31, 2008. The credit is repealed on January 1, 2009.

### Section Amended

Section 1 of Senate File 572 amends section 422.11R, Code Supplement 2007. Section 2 amends section 422.33, subsection 22, Code Supplement 2007. Section 3 amends section 423.4, subsection 7, paragraph c, Code Supplement 2007. Section 4 amends section 437A.17C, Code 2007. Section 5 amends section 476D.2, subsection 1, paragraph a, Code 2007. Section 6 amends section 476D.5, Code 2007.

## Effective Date

Applies to tax years ending after June 30, 2006, and beginning before January 1, 2009.

### **08 SF 572**

## UPDATE OF REFERENCES TO THE INTERNAL REVENUE CODE

### Prior Law

The primary references to the Internal Revenue Code in the various statutes for the determination of income were amended through January 1, 2007.

### New Provisions

The primary references to the Internal Revenue Code were amended to January 1, 2008 to include the federal income tax changes in the following federal legislation:

- Small Business and Work Opportunity Act of 2007
- Mortgage Forgiveness Debt Relief Act of 2007
- Tax Increase Prevention Act of 2007

Some of the major provisions of this federal legislation are set forth below:

- An increase in Section 179 expensing to \$125,000 for 2007
- Exclusion from income for discharges of mortgage debt on primary residences for 2007-2009
- Taxpayers are allowed an itemized deduction for mortgage insurance premiums for 2008-2010
- Exclusion from income for benefits provided by local or state governments to volunteer emergency medical responders and firefighters for 2008-2010

The references to the Internal Revenue Code in the various statutes for the Iowa research activities credit are updated to January 1, 2008, so the federal changes in the research activities credit are adopted for Iowa tax purposes.

### Section Amended

Section 1 of Senate File 2123 amends section 15.335, subsection 4, Code Supplement 2007. Section 2 amends section 15A.9, subsection 8, paragraph e, Code Supplement 2007. Section 3 amends section 422.3, subsection 5, Code Supplement 2007. Section 5 amends section 422.10, subsection 3, Code Supplement 2007. Section 6 amends section 422.32, subsection 7, Code Supplement 2007. Section 7 amends section 422.33, subsection 5, paragraph d, Code Supplement 2007.

### Effective Date

Sections 1 through 3 and 5 through 7 are retroactive to January 1, 2007, for tax years beginning on or after that date.

**08 SF 2123-A**

## COUPLING WITH INCREASE IN SECTION 179 EXPENSING

### Prior Law

The amount of Section 179 expensing, whereby an eligible taxpayer can elect to treat the cost of qualifying property as an expense rather than a capital expenditure subject to depreciation, was scheduled to be \$128,000 for tax years beginning in 2008.

### New Provisions

The Economic Stimulus Act of 2008 (Public Law 110-185), passed by Congress in February 2008, provided for an increase in the Section 179 expensing amount to \$250,000 for tax years beginning in 2008.

Individual income, corporation income and franchise taxpayers will also be allowed the increased section 179 expensing amount of \$250,000 for tax years beginning in 2008 for Iowa tax purposes.

### Section Amended

Section 4 of Senate File 2123 amends section 422.7, Code Supplement 2007, by adding new subsection 53. Section 8 amends section 422.35, Code Supplement 2007, by adding new subsection 24.

### Effective Date

Sections 4 and 8 are retroactive to January 1, 2008, for tax years beginning on or after that date.

**SF 2123-B**

DECOUPLING WITH 50% BONUS DEPRECIATION

Prior Law

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Iowa did not couple with the 30% “bonus depreciation” provision allowable for federal income tax purposes for assets acquired after September 10, 2001 but before May 6, 2003. Iowa did couple with the 50% “bonus depreciation” provision allowable for federal income tax purposes for assets acquired after May 5, 2003 but before January 1, 2005.

New Provisions

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The Economic Stimulus Act of 2008 (Public Law 110-185), passed by Congress in February 2008, provided for a 50% “bonus depreciation” in Section 168(k) of the Internal Revenue Code for assets acquired after December 31, 2007 but before January 1, 2009. However, the primary reference in Iowa law to the Internal Revenue Code is January 1, 2008.

Therefore, the 50% “bonus depreciation” provision was not adopted for Iowa individual, corporation and franchise tax purposes. The MACRS (modified accelerated cost recovery system) method of depreciation without the “bonus depreciation” provision in Section 168(k) of the Internal Revenue Code must be used in computing depreciation for Iowa tax purposes for assets acquired after December 31, 2007, and before January 1, 2009.

Section Amended

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None

Effective Date

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Retroactive to January 1, 2008, for tax years ending on or after that date.

## INDIVIDUAL INCOME TAX CHECKOFFS

### Prior Law

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No more than four individual income tax checkoffs are allowed on each tax return. When the same four checkoffs have been on the return for two consecutive years, the two checkoffs for which the least amount has been contributed, in the aggregate for the first year and through March 15 of the second year, are repealed. The same four checkoffs have been on the individual income tax returns for 2006 and 2007. The Veterans Trust Fund and joint Keep Iowa Beautiful/Volunteer Fire Fighter Preparedness Fund checkoff were scheduled to be repealed because these two checkoffs had the least amount donated.

### New Provisions

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A new Child Abuse Prevention Program Fund checkoff has been added. Also, a joint income tax checkoff for the Veterans Trust Fund and Volunteer Fire Fighter Preparedness Fund was added. The amounts contributed to the joint Veterans Trust Fund/Fire Fighter Preparedness Fund checkoff will be split evenly between these two funds.

These two checkoffs, along with the Fish and Game Protection Fund checkoff and the Iowa State Fair Foundation checkoff, will be on the 2008 and 2009 individual tax forms. The two checkoffs for which the least amount has been contributed for the 2008 and 2009 tax years will remain subject to repeal.

### Section Amended

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Section 5 of Senate File 2124 creates new section 422.12K related to the Child Abuse Prevention Program Fund checkoff. Section 6 creates new section 422.12L related to the combined Veterans Trust Fund/Volunteer Fire Fighter Preparedness Fund checkoff.

Effective Date

Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 SF 2124**

NOTIFICATION OF SECURITY BREACH

Prior Law

None

New Provisions

A security breach occurs when a person or entity obtains possession of an individual's personal information through unauthorized acquisition of that information.

Any person or entity obtaining possession of personal information through a security breach must expediently notify the impacted individual, unless law enforcement determines that doing so would impede a criminal investigation. The notice must include a description of the breach, the approximate date of the breach, the type of personal information involved, contact information for consumer reporting agencies, and advice to report suspected incidents of identity theft to the proper authorities.

A bipartisan, bicameral, ten-member committee shall be appointed to review areas where Iowa residents could become vulnerable to identity theft. A report shall be issued to the General Assembly by January 15, 2009.

Section Amended

Section 1 of Senate File 2308 adds new section 715C.1, section 2 adds new section 715C.2, and section 3 creates an interim study committee.

Effective Date

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July 1, 2008

**08 SF 2308**

REPEAL OF IOWA ESTATE TAX

Prior Law

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Chapter 451 of the Iowa Code enacts and imposes a “pick-up” estate tax with rates and a base that is equal to the credit schedule specified in federal law. Section 451.2 imposes upon estates an amount of tax equal to the federal estate tax credit for state “death taxes” as allowed in the Internal Revenue Code. In effect, the Iowa estate tax was equal to the credit one receives on the federal estate tax return. In 2001, the U.S. Congress enacted the Economic Growth and Tax Relief Reconciliation Act which, over a four-year period, phased out in 25% increments the federal estate tax credit for state “death taxes.” The Iowa legislature has not enacted any Iowa-specific legislation to decouple the state estate tax from the federal estate tax credit. Consequently, when the federal estate tax credit ceased to exist, the state estate tax (pick-up tax) ceased to exist. Nevertheless, Chapter 451 of the Code remains enacted.

New Provisions

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Senate File 2350 repeals Chapter 451, in essence reflecting the current administration and application of Iowa estate and inheritance tax law. This bill has no fiscal impact.

Section Amended

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Section 37 of Senate File 2350 repeals Chapter 451, Code 2007.

Various other sections of the Iowa Code are amended to delete the words “estate tax” or eliminate the reference to Chapter 451.

Effective Date

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July 1, 2008

**08 SF 2350**

LICENSE DENIAL, SUSPENSION, AND  
REVOCAION

Prior Law

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For awarding cash prizes, the Department of Inspections and Appeals may revoke the beer permits and sales tax permits of establishments with class "B" or "C" beer permits.

New Provisions

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References to a sales tax permit being suspended were removed.

Section Amended

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Section 50 of Senate File 2400 amends section 99B.10B, subsection 2; and section 51 of the bill amends section 99B.14 subsection 1, both Code Supplement 2007.

Effective Date

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July 1, 2008

**08 SF 2400-A**

TAX RETURN FILING EXTENSION IN DISASTER  
AREAS

Prior Law \_\_\_\_\_

None

New Provisions \_\_\_\_\_

The Director is authorized to extend up to one year the period of time for filing tax returns and to suspend any penalty or interest associated with those returns for taxpayers whose principal residence or business is located in a disaster area declared by the governor.

Section Amended \_\_\_\_\_

Section 52 of Senate File 2400 amends section 421.17, Code 2007, by adding a new subsection 30.

Effective Date \_\_\_\_\_

July 1, 2008

**08 SF 2400-B**

REFUND OF UNTIMELY ASSESSED TAXES

Prior Law

---

Tax, penalty or interest voluntarily paid to the Department after the expiration of the statute of limitations for assessment was to be refunded to the taxpayer. An application for refund must be filed within one year of the date of payment. A refund was issued regardless of whether a notice of assessment was issued.

New Provisions

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The Department is not required to issue a refund in situations where the taxpayer voluntarily paid any tax, penalty, or interest due after the expiration of the statute of limitations for assessment, for which a notice of assessment was not issued.

Section Amended

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Section 53 of Senate File 2400 amends section 421.60, subsection 8, Code 2007.

Effective Date

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July 1, 2008

**08 SF 2400-C**

WITHHOLDING ALLOWANCES ON IOWA W-4  
FORM

Prior Law

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Employees must report to their employer or withholding agent the employee's personal exemptions and dependency exemptions or credits when completing the Iowa W-4 Form, Iowa Employee's Withholding Allowance Certificate.

New Provisions

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References to "exemptions and dependency exemptions or credits" were changed to "allowances" to conform the terminology used in Iowa law to that used in federal law and the Iowa W-4 form.

Section Amended

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Section 54 of Senate File 2400 amends section 422.16, subsection 1, paragraph a, Code Supplement 2007.

Effective Date

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July 1, 2008

**08 SF 2400-D**

REPLACEMENT PARTS FOR FARM MACHINERY  
USED IN AGRICULTURAL PRODUCTION

Prior Law

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Sales of replacement parts used to repair or reconstruct machinery or equipment used in agricultural production, livestock or dairy production, or aquaculture, or the production of flowering, ornamental, or vegetable plants, were exempt from tax only if the parts were “essential to” any repair or reconstruction necessary to the machinery or equipment’s exempt use.

New Provisions

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Sales of this type of machinery or equipment are exempt from tax if the parts are “used in” any repair or reconstruction necessary to the machinery or equipment’s exempt use. The language “essential to” is replaced with “used in”.

Section Amended

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Sections 55 and 56 of Senate File 2400 amend section 423.3, subsections 8 and 11, Code Supplement 2007.

Effective Date

July 1, 2008

**08 SF 2400-E**

PREVIOUS DELINQUENT LIABILITIES –  
DENIAL OF SALES TAX PERMIT

Prior Law

An person, corporation, or partnership applying for a sales tax permit could be denied a permit for a number of reasons but not because the applicant, a partner, or an officer having a substantial legal or equitable interest in a corporation, had a previous delinquent liability with the Department.

New Provisions

A person, corporation, or partnership applying for a sales tax permit can be denied a permit if the applicant, a partner, or an officer having a substantial legal or equitable interest in a corporation, had a previous delinquent liability with the Department.

Section Amended

Section 57 of Senate File 2400 amends section 423.36, Iowa Code 2007.

Effective Date

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July 1, 2008

**08 SF 2400-F**

PROPERTY TAX EXEMPTION FOR PRIVATE  
LIBRARIES AND ART GALLERIES

Prior Law

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There was no requirement that private owners of not-for-profit libraries and art galleries used for public use file a claim for property tax exemption.

New Provisions

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Private owners of these libraries and art galleries are now required to file a claim for property tax exemption by February 1 of the first assessment year the exemption is requested. Claims for exemption are not required to be filed in subsequent years as long as the property continues to be used for public use and not for profit.

Section Amended

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Section 61 of Senate File 2400 amends section 427.1, subsection 7, Code Supplement 2007.

Effective Date

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July 1, 2008

**08 SF 2400-G**

## MOTOR FUEL TAX DEFINITIONS

Prior Law

---

A "supplier" was defined, in part, as a person who acquired motor fuel, special fuel, and alcohol for storage at and distribution from a terminal.

New Provisions

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Included in the definition of a "supplier" is a person that produces or acquires "biofuel" or "biodiesel" for storage at and distribution from a terminal. This change in definition does not affect any prior law provisions.

The Director is authorized to regard persons or facilities in possession of fuel products as a person or facility defined in section 452A.2 if the Director determines it is necessary for the efficient administration of chapter 452A.

Section Amended

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Section 62 of Senate File 2400 amends section 452A.2, subsection 35, and section 64 amends section 452A.59. Both amendments are to the 2007 Code.

Effective Date \_\_\_\_\_

July 1, 2008

**08 SF 2400-H**

MOTOR FUEL RETAIL GALLONS REPORTING

Prior Law \_\_\_\_\_

The Department is required to compile information from retail dealers on the number of gallons of the various fuel classifications sold by the dealers in the previous calendar year. By February 1 of each year, the Department must report this information to the governor and the legislative services agency.

New Provisions \_\_\_\_\_

The due date for the Department to submit the retail dealer report is changed to April 1.

Section Amended \_\_\_\_\_

Section 63 amends section 452A.33, subsection 2, Code 2007.

Effective Date \_\_\_\_\_

July 1, 2008

**08 SF 2400-I**

## REPEAL OF START-UP BUSINESS TAX DEFERRAL

### Prior Law

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A tax deferral was available to start-up businesses with commercial domicile in Iowa that were at least 25% funded by venture capital monies. The start-up business had to apply to the Department of Revenue for approval of the tax deferral. If approved, the taxable income for the first three years of operation was deferred. If the deferral was approved, the start-up business must pay taxes on the deferred taxable income in five equal annual installments during the five tax years following the three years of deferral.

### New Provisions

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The start-up tax deferral program was repealed. Since the program was enacted in 2002, no start-up businesses applied for a tax deferral.

### Section Amended

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Section 66 of Senate File 2400 repeals section 422.24A, Code 2007.

Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 SF 2400-J**

WIND ENERGY PRODUCTION TAX CREDIT

Prior Law

---

A wind energy production tax credit is available for individual income, corporation income, franchise and insurance premiums tax. Any credit in excess of the tax liability can be carried forward for seven years. The wind energy production facility must be placed in service on or after July 1, 2005, but before July 1, 2009, to qualify for the tax credit. The credit equals one cent multiplied by the number of kilowatt-hours of qualified electricity sold by the owner during the tax year. The tax credit can be transferred once to any person or entity.

New Provisions

---

The wind energy production tax credit is now also available for sales/use tax by filing a claim for refund by January 31 after the end of the calendar year for which the tax credit is to be applied. Any credit in excess of the sales/use tax liability for a calendar year can be carried over for the next seven years. The wind energy production facility must

be placed in service on or after July 1, 2005, but before July 1, 2012, to qualify for the tax credit. For applications filed on or after March 1, 2008, the qualified wind energy production facility must have a combined nameplate capacity of no less than two megawatts.

The tax credit still equals one cent multiplied by the number of kilowatt hours that the owner uses for on-site consumption. The tax credit can now be transferred multiple times, and the replacement tax credit certificate can reflect a different tax type than the original certificate. If the transferred tax credit certificate is used for sales/use tax, the credit can be used for any tax year in which the original owner of the certificate could have used the credit.

### Section Amended

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Section 2 of Senate File 2405 amends section 423.4, subsection 4, Code Supplement 2007. Sections 4 and 5 amend section 476B.1, subsection 4, Code 2007. Section 6 amends section 476B.2, Code 2007. Section 7 amends section 476B.3, Code 2007. Section 8 amends section 476B.5, subsection 1, paragraph e, Code 2007. Sections 9 through 13 amend section 476B.6, Code 2007.

### Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 SF 2405-A**

## WIND ENERGY REPLACEMENT TAX REIMBURSEMENT

### Prior Law

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None

### New Provisions

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Senate File 2405 allows a person to be reimbursed for replacement tax paid in an amount not more than the wind energy tax credit certificates issued under chapter 476B. A taxpayer may claim a refund or credit with the Director within three years after the replacement tax became due. Section 476B.8 allows a seven-year carryover period if the credit claim is more than the replacement tax due.

To qualify for the wind energy tax credits, projects must have been placed in service prior to July 1, 2012.

The utilities board is required to notify the Department of Revenue of the amount of kilowatt hours generated and purchased from a qualified facility or generated and used on-site by a qualified facility.

A replacement tax credit certificate that has been transferred to another person may reflect a different type of tax than the type of tax noted on the original certificate.

### Sections Amended

Section 3 of Senate File 2405 amends section 437A.17B; section 4 amends section 476B.1, subsection 4, paragraph c; section 6 amends section 476B.2; section 10 amends section 476B.6, subsection 3; and section 12 amends section 476B.7. All amendments are to the 2007 Code.

### Effective Date

Retroactive to January 1, 2008, for tax years beginning on or after that date.

## **08 SF 2405-B**

# AVAILABILITY OF VOLUNTEER OR FREE INCOME TAX ASSISTANCE PROGRAMS

### Prior Law

None

### New Provisions

The Iowa Department of Human Services will provide educational materials relating to the federal and Iowa earned income tax credit to households who receive services from programs administered by the Department of Human Services. This would include Internal Revenue Service and Iowa Department of Revenue publications relating to the federal and Iowa earned income tax credit. In addition, the Department of Human Services will provide these households with information from tax preparers who provide

volunteer or free federal and Iowa income tax preparation services to low-income and other eligible persons.

The Child Support Recovery Unit of the Department of Human Services shall publicize the services of volunteer or free income tax assistance programs by distributing printed materials regarding these programs.

Section Amended

Section 1 of Senate File 2418 creates new section 217.47. Section 2 amends section 252B.5, Code Supplement 2007.

Effective Date

July 1, 2008

**08 SF 2418**

SPECULATIVE SHELL BUILDING PROPERTY TAX  
EXEMPTION

Prior Law

The value added exemption for the new construction of buildings, or additions to existing buildings, or reconstruction or renovation constituting complete replacement or refitting of existing buildings, is exempt from property taxation. If the shell building or any portion of the shell building is leased or sold, the leased or sold portion is not entitled to the exemption. Exemption applications must be submitted by February 1 of the assessment year in which the added value is first assessed for taxation. If prior approval has been granted by the city council or board of supervisors, exemption applications must be filed by February 1 of the assessment year following the year the project is completed. The city council or board of supervisors may give prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning

plans for the city or county. (See section 427B.4). Reconstruction and renovation projects must receive prior approval to qualify the value added exemption. The value added exemption for new construction includes reconstruction and renovation of existing buildings and structures if the reconstruction or renovation is required due to economic obsolescence, or to implement industry standards in order to competitively manufacture or process products, or to market a building or structure as a speculative shell building.

### New Provisions

The value added exemption for new construction, or additions to or reconstruction or renovation of existing buildings, and all related requirements for the value added exemption remain the same.

Senate File 2419 provides a new exemption for reconstruction or renovation constituting complete replacement or refitting of an existing building. It is not a value added exemption. The value of the building being reconstructed or renovated and the value of the land on which the building is located are exempt from taxation. If the speculative shell building or any portion of the shell building is leased or sold, the portion of the shell building that is leased or sold and a proportionate share of the land on which it is located shall not be entitled to the exemption. An application for exemption is required to be filed by the owner of the property by February 1 of the assessment year in which the project commences. The exemption is effective for the assessment year following the assessment year in which the project commences. The city council or the board of supervisors shall, by ordinance, give its approval for tax exemption if the project is in conformance with the zoning plans for the city or county. Prior approval is not required to receive this exemption as is the case with the value added exemption. The exemption for reconstruction or renovation that is not a value added exemption does not have to meet the requirements that the new construction exemption for reconstruction and renovation projects must meet.

### Section Amended

Section 1 of Senate File 2419 amends section 427.1, subsection 27, Code Supplement 2007.

### Effective Date

May 7, 2008. Senate File 2419 applies retroactively to January 1, 2007 for projects approved by a city council or board of supervisors before that date. Claims for exemption for the 2007, 2008, or 2009 assessment year shall be filed with the appropriate governing body by October 1, 2008.

**08 SF 2419**

REPEAL OF VEHICLE USE TAX AND INCREASE IN  
VEHICLE REGISTRATION FEES

Prior Law

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A five percent state use tax was imposed on the purchase price of all vehicles subject to registration. The tax was also imposed upon the long term (twelve months or more) leasing of vehicles subject to registration. There were a number of exemptions to this tax. Registration fees were not payable at the time of a new vehicle's sale, but there were annual registration fees. Vehicle dealers were not obligated to collect this use tax; vehicle owners were obligated to pay the tax directly to the county treasurer.

New Provisions

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The use tax on the purchase price of vehicles subject to registration, set out in chapter 423 of the Code, is repealed. In its place a "new vehicle registration fee" is created and is imposed on the sale or long-term leasing of vehicles subject to registration. The registration fee is five percent of the "purchase price" of a new vehicle at the time of sale and registration and five percent of the "leased price" of any vehicle subject to registration leased for the long term (twelve months or more). There are a number of exemptions applicable to the initial registration fee. These exemptions almost exactly parallel the previous exemptions under chapter 423 with some additions. Dealers licensed to sell and lease vehicles subject to registration are now obligated to collect the new vehicle registration fee and forward it to the appropriate county treasurer. The Department of Revenue rather than the Department of Transportation administers and enforces the collection of the fee.

Section Amended

Division IV of Senate File 2420 makes numerous changes: Part 1 amends provisions related to the road use tax fund. Part 2 deals with the one time fee for new vehicle registrations which replaces the vehicle use tax. Part 3 deals with the repeal of the motor vehicle use tax. Part 4 contains conforming amendments. Part 5 consists of contingent conforming amendments and Part 6 deals with the effect on prior law.

Effective Date

July 1, 2008

**08 SF 2420**

GOVERNMENT ETHICS AND LOBBYING

Prior Law

None

New Provisions

A state agency is prohibited from using or permitting the use of its public funds for paid advertising or public service announcement for thirty days prior to or during a legislative session.

This provision applies to advertisements or announcements that encourage the passage, defeat, approval, or modifications of a bill being considered or was considered in

the previous legislative session.

Section Amended

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Section 1 of Senate File 2427 adds new section 68B.8. Section 2 amends section 68B.25, Code 2007, by adding reference to section 68B.8.

Effective Date

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July 1, 2008

**08 SF 2427**

GAMBLING SETOFF

Prior Law

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None

New Provisions

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Non-profit para-mutuel licensees are required to establish a process with the State of Iowa to electronically access names and social security numbers of debtors of State Agencies, including the Department of Revenue, through a secured interactive website. Licensees are required to compare the names and social security numbers of para-mutuel wager winners to the list of names and social security numbers on the State's website. Matches of winners ten thousand dollars or more in one occurrence constitute a valid lien. The winnings must be withheld by the licensee and turned over to the Cen-

tralized Collection Unit or other designated collection entity.

Section Amended

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Sections 1 through 6 of Division I of Senate File 2428 amend section 99D.2, Code 2007, by adding new subsection 2A; section 99D.7, Code 2007, by adding new subsection 22A; by adding new section 99D.28; section 99F.1, Code Supplement 2007, by adding new subsection 3A; section 99F.4, Code Supplement 2007, by adding new subsection 26; and by adding new section 99F.19.

Effective Date

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July 1, 2008

**08 SF 2428-A**

LICENSING SANCTIONS

Prior Law

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None

New Provisions

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The Centralized Collection Unit of the Department of Revenue (Unit) will administer a process that notifies state professional license holders of any outstanding liabilities they may have. The license holder is given the opportunity to resolve the liability within established parameters. If the license holder fails to take the required action within the specified timeframe, the Unit will mail a certificate of noncompliance to the appropriate licensing authority. The licensing authority may then refuse to issue or renew, or may

decide to suspend or revoke the person's professional license.

Section Amended

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Division 2 of Senate File 2428 creates new sections 272D.1 through 272D.9.

Effective Date

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July 1, 2008

**08 SF 2428-B**

DEBT COLLECTION

Prior Law

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Currently, court debt is deemed delinquent and can be assigned to the Centralized Collection Unit of the Department of Revenue (Unit) if it has not been paid after six months.

New Provisions

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For the purposes of debt collection and offsets, the Department of Transportation will make social security numbers available to the Department of Revenue, the judicial branch, and the Department of Administrative Services. Individuals whose drivers' licenses have been suspended for failure to pay court debt will be able to enter into in-

stallment payment agreements with the Unit, in addition to the county attorney.

Court debt will be deemed delinquent if it has not been paid or if an installment payment agreement has not been entered into after 30 days. After 60 days, debt that remains uncollected may be assigned to a contracted private collection agency. The Judicial Branch may consult with the Department of Revenue when entering into an agreement with a private collection agency.

The Department of Revenue shall enhance its computer-assisted collections system to the current web-based version and implement related process and procedure improvements that will generate revenue and cost benefits. The enhancements will be procured from the existing vendor and will be considered a contract upgrade.

### Sections Amended

Section 16 of Senate File 2428 amends section 96.11, subsection 6, paragraph b, subparagraph 3. Section 17 adds a new section 321.11A. Section 18 adds new subsection 9 to Section 321.40, Code Supplement 2007. Sections 19 and 20 amend section 321.210A, subsection 2 and new subsection 3, Code Supplement 2007. Section 21 amends section 321.210B, Code Supplement 2007. Section 25 amends section 602.8107, Code Supplement 2007, by striking the section and inserting a new section. Section 30 repeals section 909.10, Code 2007. Section 31 directs the Department of Revenue to perform the system upgrade and will not be codified.

### Effective Date

July 1, 2008

## **08 SF 2428-C**

### LAWN CARE SERVICES AUDIT LIMITATION

### Prior Law

The statute of limitations for unreported and unpaid sales tax for non-filers was unlimited.

### New Provisions

The Department cannot attempt to collect any delinquent sales tax from transactions involving lawn care, landscaping, or tree trimming and removal services that occurred more than five years prior to the date of an audit.

Section Amended

Section 23 of Senate File 2428 amends Section 423.31, Code 2007, by adding new subsection 7.

Effective Date

July 1, 2008

**08 SF 2428-D**

INDIVIDUAL DEVELOPMENT ACCOUNTS

Prior Law

Individual development accounts are savings accounts that allow households with income at or less than 200% of the federal poverty level to accumulate assets and incur earnings on these assets. Contributions of up to \$2,000 made to an account by the individual are eligible for a state savings refund of 15% to 25% based on income. These refunds are distributed by the Department of Revenue and are deposited into the individual development account. All contributions made to the account, along with the state

savings refund and earnings on the account, are exempt from Iowa individual income tax.

New Provisions

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The state savings refund has been replaced by a state savings match program, whereby the state may match up to 100% of the contributions made by the account holder into the individual development account. The amount of the state match is limited to \$2,000. The amount of the state match is exempt from Iowa individual income tax.

Section Amended

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Section 8 of Senate File 2430 amends section 422.7, subsection 28, paragraph b, Code Supplement 2007.

Effective Date

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Retroactive to January 1, 2008, for tax years beginning on or after that date.

**08 SF 2430**

CONSTITUTIONAL AMENDMENT FOR FUNDING  
NATURAL RESOURCES

Prior Law

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None

New Provisions

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Senate Joint Resolution 2002 proposes an amendment to the Constitution of the State

of Iowa. The amendment, if adopted, would create a “natural resources and outdoor recreation trust fund” for the purpose of protecting and enhancing water quality and natural areas in the states. The trust fund would be annually credited with an amount equal to three-eighths of one percent of the sales tax imposed upon retail sales of tangible personal property and enumerated services. No revenue would be credited to the fund until the next sales tax increase following the adoption of this amendment to the Iowa Constitution.

In order for the constitutional amendment to be adopted, SJR 2002 must be passed by the first session of the 83<sup>rd</sup> General Assembly and then must be approved by a majority of Iowa citizens in a general election ballot initiative.

Section Amended

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Senate Joint Resolution 2002 proposes to amend the Iowa Constitution by adding new section 10, Natural Resources, to Article VII.

Effective Date

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July 1, 2008

**08 SJR 2002**