



Iowa Department of  
**REVENUE**

# ***2017 Legislative Summaries***



***Emphasizing Tax Issues***



## 2017 IOWA LEGISLATURE TAX RELATED ACTIONS

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# 2017 IOWA LEGISLATURE TAX RELATED ACTIONS

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## ELECTION CAMPAIGN FUND CHECKOFF FUTURE REPEAL

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

An individual with an Iowa income tax liability of at least \$1.50 could direct \$1.50 of that liability to the Iowa election campaign fund by making a designation on the Iowa income tax return. Contributions to the Iowa election campaign fund were disbursed to eligible political parties to be used exclusively for qualifying election campaign expenses. The Department transferred funds to the Iowa election campaign fund before allowing contributions to certain other funds specified by law.

The Director was required to provide a checkoff box on the income tax return for contributions to the Iowa election campaign fund.

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

2017 Iowa Acts House File 242 eliminates the option for taxpayers to designate a contribution to the Iowa election campaign fund for tax years beginning on or after January 1, 2017. Income tax forms will not include a space for this checkoff for tax years beginning on or after that date.

Effective July 1, 2018, the Iowa election campaign fund will cease to exist, and no distributions may be made from the fund after that date. References to the Iowa election campaign fund throughout the Code are eliminated effective July 1, 2018.

### Sections Amended \_\_\_\_\_

Section 1 of 2017 Iowa Acts House File 242 amends Section 68A.601, Code 2017. Section 2 amends Section 422.12J, Code 2017. Section 3 amends Section 68A.103, Code 2017. Section 4 amends Section 97B.3, Code 2017. Section 5 amends Section 422.12D, Code 2017. Section 6 amends Section 422.12E, Code 2017. Section 7 amends Section 422.12K, Code 2017. Section 8 amends Section 422.12L, Code 2017. Section 13 repeals Sections 68A.601—68A.609, and 422.12J, Code 2017.

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

The provisions removing the Iowa election campaign fund checkoff from tax forms for tax years beginning on or after January 1, 2017, are effective July 1, 2017. The provisions providing for the repeal of the Iowa election campaign fund tax checkoff are effective July 1, 2018.

**HF 242**

## ASSESSOR EDUCATION, CONDUCT, & REPORT

### Prior Law

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A candidate for assessor or deputy assessor must have earned a high school diploma or its equivalent to sit for the examination offered by the Department of Revenue. An assessor may be removed by a majority vote of the conference board due to a finding of assessor misconduct, nonfeasance, malfeasance, or misfeasance in office. "Misconduct" was not defined under the Iowa Code for purposes of assessor misconduct. A taxpayer could appeal a property tax assessment on the grounds of fraud in the assessment, and the taxpayer was responsible for the taxpayer's own costs incurred for protesting and appealing the fraudulent property tax assessment.

### New Provisions

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2017 Iowa Acts House File 478 requires a candidate for assessor or deputy assessor to include evidence of successful completion of preliminary education requirements, as set forth in rule by the Director of Revenue, along with the application to sit for the examination. The candidate is still required to possess a high school diploma or its equivalent.

The Director of Revenue must prescribe by rule the preliminary education requirements for candidates for assessors and deputy assessors applying to take the exam. Candidates may be required to complete a course of study, which may include subjects covered by the exam and any other subjects or courses the Director deems relevant, including courses offered and standards established by the International Association of Assessing Officers.

An assessor may still be removed by a majority vote of the conference board due to a finding of assessor misconduct, nonfeasance, malfeasance, or misfeasance in office. "Misconduct" is now defined to include, but is not limited to, knowingly engaging in assessment methods, practices, or conduct that contravenes any applicable law, administrative rule, or order of any court or other government authority.

A taxpayer may protest a property tax assessment based on grounds of fraud or misconduct in the assessment. If the board of review, Property Assessment Appeal Board (PAAB), or district court finds fraud or misconduct in the assessment, the county shall pay the taxpayer's reasonable costs, including legal fees, appraisal fees, and witness fees, incurred in bringing the protest and any subsequent appeals.

The Department of Revenue must conduct a study on the current system of continuing education for assessors and deputy assessors. The Department must report the findings of that study to the legislature by December 15, 2017.

**Sections Amended** \_\_\_\_\_

Sections 3 and 4 of 2017 Iowa Acts House File 478 amend Section 441.5, Code 2017. Section 5 amends Section 441.9, Code 2017. Section 6 amends Section 441.10, Code 2017. Section 12 amends Section 441.37, Code 2017.

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

July 1, 2017, applying to assessment years beginning on or after January 1, 2018. The provision allowing the Director of Revenue to prescribe preliminary education requirements and the provision requiring candidates to include evidence of successful completion of preliminary education requirements apply beginning January 1, 2018, for the appointment of assessors and deputy assessors that are not reappointments occurring on or after that date.

## OWNER-USED PROPERTY ASSESSMENT

### **Prior Law**\_\_\_\_\_

Every person must list for the assessor all property subject to taxation in Iowa, of which that person is the owner, or has control or management. Previously, an assessor could require a property taxpayer to file a supplemental return in addition to listing property for taxation. The supplemental return was on forms prescribed by the Director of Revenue. While making the assessment, the assessor could not take into consideration special value or use value of the property by its present owner, or the goodwill or value of a business that uses the property, rather than the value of the property as property.

### **New Provisions**\_\_\_\_\_

2017 Iowa Acts House File 478 clarifies that a supplemental return required by the assessor cannot request sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business that uses the property, if the property is classified as commercial or industrial. A person cannot be required to provide this data to the assessor for property assessment purposes.

House File 478 also clarifies that, when valuing commercial and industrial property, an assessor cannot consider or request sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business using the property.

### **Sections Amended**\_\_\_\_\_

Section 7 of 2017 Iowa Acts House File 478 amends Section 441.19, Code 2017. Section 8 amends Section 441.21, Code 2017.

### **Effective Date**\_\_\_\_\_

July 1, 2017, applicable to assessment years beginning on or after January 1, 2018.



## **ASSESSMENT APPEALS - BURDEN OF PROOF**

### **Prior Law**\_\_\_\_\_

In a protest of property valuation to the board of review, the initial burden of proof was upon the protestor. The protestor could shift the burden of proof to the board of review by presenting competent evidence from two disinterested witnesses that the market value of the property is less than the value determined by the assessor.

The assessor determined the classification of property each year based on present, primary use.

### **New Provisions**\_\_\_\_\_

2017 Iowa Acts House File 478 eliminates the requirement of two disinterested witnesses to shift the burden of proof in a protest to the board of review. For assessment years beginning on or after January 1, 2017, a protestor can shift the burden of proof to the board of review by offering competent evidence that the market value of the property is different than the value determined by the assessor. The initial burden of proof in a protest to the board of review remains upon the protestor.

A presumption of continuity in property tax classification is created after the Property Assessment Appeal Board (PAAB) or a court determines the property tax classification during an appeal. The classification is presumed to not change for the four subsequent assessment years following the PAAB or court decision, unless PAAB or a court determines a new classification during a subsequent appeal. The burden is on the person asserting a change in classification to overcome the presumption within the four subsequent assessment years following a PAAB or court adjudication.

### **Section Amended**\_\_\_\_\_

Section 9 of 2017 Iowa Acts House File 478 amends Section 441.21, Code 2017.

### **Effective Date**\_\_\_\_\_

May 11, 2017, applicable to assessment years beginning on or after January 1, 2017.

## PAAB NOTICE REQUIREMENTS

### **Prior Law** \_\_\_\_\_

An appeal to the Property Assessment Appeal Board (PAAB) was required to be made in writing and with a petition. The Secretary of PAAB was required to give notice of the appeal by mail to the board of review whose decision is being appealed. If the appeal was for a change in valuation over \$100,000, the board of review was required to give notice to each taxing district affected by the appeal as shown on the last available tax list.

Voluntary court settlements of an assessment appeal were not valid unless written notice of the settlement was first served upon each of the taxing bodies affected by the assessment.

### **New Provisions** \_\_\_\_\_

2017 Iowa Acts House File 478 requires appeals to PAAB or district court to be on prescribed forms.

PAAB is still required to send a copy of the appeal to the local board of review. However, PAAB is no longer required to use the mail to send this copy.

The assessor, rather than the board of review, must notify all affected taxing districts—as shown on the last available tax list—of any appeal to PAAB or a court if the appeal requests an adjustment in valuation of \$100,000 or more. If a person files a protest or appeal regarding an assessment of \$5 million or more, the assessor must continue to provide notice to the school district in which such property is located within ten days of the filing of the protest or appeal.

PAAB may adopt rules establishing requirements for notices of voluntary settlements in appeals before PAAB to be served upon affected taxing districts.

### **Sections Amended** \_\_\_\_\_

Section 11 of 2017 Iowa Acts House File 478 amends Section 441.37, Code 2017. Section 14 amends Section 441.37A, Code 2017. Section 19 amends Section 441.39, Code 2017. Section 22 amends Section 441.44, Code 2017.

### **Effective Date** \_\_\_\_\_

July 1, 2017, applying to assessment years beginning on or after January 1, 2018.

**HF 478-D**

## PAAB SUNSET PROVISION CHANGE

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

Appeals before the Property Assessment Appeal Board (PAAB) were only permitted for assessment years beginning before January 1, 2021.

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

2017 Iowa Acts House File 478 eliminates the sunset provision for appeals to be brought before PAAB. Actions relating to assessment years beginning on or after January 1, 2021 may be appealed to PAAB.

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

Section 14 of 2017 Iowa Acts House File 478 amends Section 441.37A, Code 2017.

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

July 1, 2017, allowing appeals to PAAB for actions relating to assessment years beginning on or after January 1, 2021.

**HF 478-E**

## MISCELLANEOUS TECHNICAL CORRECTIONS & CLARIFICATIONS

### Prior Law

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Unless otherwise specified, references to the Internal Revenue Code found in the Iowa Code referred to the Internal Revenue Code as amended to and including January 1, 2015. This means any changes to the Internal Revenue Code made after January 1, 2015 did not apply to Iowa income or franchise taxes unless the Iowa Code specified otherwise.

For purposes of the Iowa research activities credit, references to the Internal Revenue Code were to the Internal Revenue Code in effect on January 1, 2015.

For purposes of the solar energy tax credit, “Internal Revenue Code” meant the Internal Revenue Code as amended to and including January 1, 2016.

Bonus depreciation under section 168(k) of the Internal Revenue Code was not allowed for Iowa purposes for tax years ending on or after January 1, 2015, but before January 1, 2016.

Nonresidents were required to file Iowa income tax returns if their income allocated to Iowa was \$1,000 or more and their total net income exceeded the statutory minimum filing threshold. Residents were required to file Iowa income tax returns if their total net income exceeded the statutory minimum filing threshold.

### New Provisions

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2017 Iowa Acts House File 608 updates the definition of “Internal Revenue Code” for Iowa tax purposes to clarify that references to the Internal Revenue Code found in the Iowa Code do not include any changes to the Internal Revenue Code enacted after January 1, 2015. Unless otherwise specified in the Iowa Code, changes to the Internal Revenue Code enacted after January 1, 2015, including changes with retroactive applicability or effectiveness, do not apply for Iowa tax purposes.

For purposes of the Iowa research activities credit, the definition of “Internal Revenue Code” is updated to refer to the Internal Revenue Code in effect on January 1, 2016. This definition does not include any changes to the Internal Revenue Code enacted after January 1, 2016, including those with retroactive applicability or effectiveness.

For purposes of the solar energy tax credit, the definition of “Internal Revenue Code” continues to mean the Internal Revenue Code as amended to and including January 1, 2016. This definition is updated to clarify that it does not include any changes to the Internal Revenue Code enacted after January 1, 2016, including those with retroactive applicability or effectiveness.

Bonus depreciation under section 168(k) of the Internal Revenue Code is not allowed for Iowa

purposes for any tax year ending on or after January 1, 2015.

House File 608 clarifies that a nonresident with less than \$1,000 of income allocated to Iowa may not be required to file an Iowa income tax return. Nonresidents are still required to file Iowa income tax returns if their income allocated to Iowa is \$1000 or more and their total net income exceeds the statutory minimum filing threshold. Residents are still required to file Iowa income tax returns if their total net income exceeds the statutory minimum filing threshold

House File 608 also makes a variety of other minor corrections. The bill corrects a typographical error in the Iowa Code related to the flood mitigation program; amends language to clarify that the alternative minimum tax calculation is accomplished by multiplying the applicable tax rate by the state alternative minimum taxable income of the taxpayer; and moves a comma in the provision related to the allocation of nonbusiness rents and royalties for corporate income tax purposes in order to clarify the meaning of the sentence.

**Sections Amended** \_\_\_\_\_

Section 1 of 2017 Iowa Acts House File 608 amends Section 15.335, Code 2017. Section 2 amends Section 418.15, Code 2017. Section 3 amends Section 422.3, Code 2017. Section 4 amends Section 422.5, Code 2017. Section 5 amends Section 422.10, Code 2017. Section 6 amends Section 422.11L, Code 2017. Section 7 amends Section 422.13, Code 2017. Section 8 amends Section 422.32, Code 2017. Sections 9 and 10 amend Section 422.33, Code 2017. Section 11 amends 2016 Iowa Acts, chapter 1007.

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

The provisions related to bonus depreciation are effective May 11, 2017, and apply retroactively to January 1, 2015. The provisions related to the research activities credit are effective May 11, 2017, and apply retroactively to January 1, 2016. All other provisions are effective July 1, 2017.

## HOTEL & MOTEL TAX BY LAND USE DISTRICT

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

A city may impose a local hotel and motel tax within its corporate boundaries. A county may impose a local hotel and motel tax only outside the incorporated areas within that county. Cities and counties may impose, repeal, or change the rate of a local hotel and motel tax only after an election in which a majority votes in favor of the imposition, repeal, or change. Cities and counties must spend revenues from a local hotel and motel tax as directed in the Iowa Code.

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

2017 Iowa Acts House File 609 allows a land use district to impose a local hotel and motel tax within the corporate boundaries of the land use district. A land use district may impose, repeal, or change the rate of a local hotel and motel tax only after an election in which a majority votes in favor of the imposition, repeal, or change. Cities and counties may not impose a local hotel and motel tax within the corporate boundaries of a land use district at the same time the land use district imposes a local hotel and motel tax. A land use district must spend revenues from a local hotel and motel tax as directed in the Act.

### Sections Amended \_\_\_\_\_

Section 1 of 2017 Iowa Acts House File 609 amends Section 303.52, Code 2017. Section 2 amends Section 423A.4, Code 2017. Section 3 amends Section 423A.6, Code 2017. Sections 4, 5, and 6 amend Section 423A.7, Code 2017.

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

July 1, 2017

## **DEPENDENT HEALTH CARE COVERAGE REPORTING REQUIREMENT REPEAL**

### **Prior Law** \_\_\_\_\_

Individual income taxpayers were required to report on their Iowa returns whether their dependent children had health care coverage. If a taxpayer reported that a dependent child did not have health care coverage, and the taxpayer's reported income met the requirements for obtaining state-funded health care coverage for the dependent child, the Department was required to send information to the taxpayer about state-funded healthcare coverage programs for eligible dependent children.

The Department of Revenue (in cooperation with the Department of Human Services) was required to annually report to the governor and the general assembly the number of Iowa families who indicated on their income tax returns that they had dependent children with or without health care coverage; the number of Iowa families who received eligibility information; and the number of those families who applied for and enrolled in the appropriate health care programs.

### **New Provisions** \_\_\_\_\_

2017 Iowa Acts House File 625 eliminates the requirement that taxpayers indicate on their tax returns whether their dependent children have health care coverage. The Department is no longer required to send information to taxpayers about state medical assistance programs for dependent children and no longer required to report annually to the governor and the general assembly regarding health care coverage.

### **Section Amended** \_\_\_\_\_

Section 1 of 2017 Iowa Acts House File 625 repeals Section 422.12M, Code 2017.

### **Effective Date** \_\_\_\_\_

May 11, 2017, applicable to tax years beginning on or after January 1, 2017.

**HF 625**

## BOARD OF REVIEW COMPOSITION

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

The board of review in a county or city is required to have either three members or five members. The composition of the board of review, as nearly as possible, must include a licensed real estate broker and a registered architect or person experienced in the building and construction field.

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

2017 Iowa Acts Senate File 408 changes the general requirement for architects from being registered to being licensed. This change affects the requirements for board of review composition in that an architect who serves on the board must now be licensed rather than registered.

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

Section 7 of 2017 Iowa Acts Senate File 408 amends Section 441.31, Code 2017.

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

July 1, 2017

**SF 408**



## ADOPTION TAX BENEFIT CHANGES

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

An individual income taxpayer may deduct from net income unreimbursed expenses paid or incurred in connection with the adoption of a child by the taxpayer. This deduction is limited to those expenses that exceed three percent of the taxpayer's net income. Previously, allowable expenses included, but were not limited to, fees and costs relating to the adoption of a child if the child was placed by a child-placing agency licensed under Iowa Code chapter 238 or by a person making an independent placement under Iowa Code chapter 600.

An individual income taxpayer may also claim an adoption tax credit equal to the amount of qualified adoption expenses paid or incurred by the taxpayer during the tax year in connection with the adoption of a child. Previously, an adopted child could be placed in Iowa by the Department of Human Services, by an agency that met the provisions of the interstate compact in Iowa Code section 232.158, by a licensed agency under Iowa Code chapter 238, or by a person making an independent placement according to the provisions of Iowa Code chapter 600.

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

2017 Iowa Acts Senate File 433 makes several changes to the adoption process. Among other provisions, the bill defines "adoption service provider" to include a licensed child-placing agency or a licensed attorney. The bill also eliminates the "independent placement" of a child, thereby only allowing adoption service providers and the Department of Human Services to place children for purposes of adoption. Accordingly, the bill changes the adoption expense deduction and the adoption tax credit by eliminating references to child-placing agencies and independent placements. The bill also recognizes placement by newly-defined adoption service providers for purposes of the adoption expense deduction and the adoption tax credit.

### Sections Amended \_\_\_\_\_

Section 1 of 2017 Iowa Acts Senate File 433 amends Section 422.9, Code 2017. Section 2 amends Section 422.12A, Code 2017.

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

July 1, 2017

**SF 433**

## WORKFORCE HOUSING TAX INCENTIVES PROGRAM

### Prior Law

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The Workforce Housing Tax Incentives Program (WHTIP) allocates tax incentives to housing development projects across Iowa that meet specified requirements. Under WHTIP, the Iowa Economic Development Authority (IEDA) may allocate up to \$20 million to eligible projects. Projects must include four or more single-family dwelling units; one or more multiple dwelling units each containing three or more individual dwelling units; or two or more dwelling units located in the upper story of an existing multi-use building. Projects must also consist of the rehabilitation, repair, or redevelopment of a brownfield or grayfield site that results in new dwelling units; the rehabilitation, repair, or redevelopment of dilapidated dwelling units; or the rehabilitation, repair, or redevelopment of dwelling units located in the upper story of an existing multi-use building. The average dwelling unit cost for the project may not exceed \$200,000, unless the project is a qualifying rehabilitation project under the Historic Preservation Tax Credit program, in which case the average dwelling unit cost cannot exceed \$250,000. Each housing project is eligible for tax incentives equal to 10% of the qualifying new investment.

### New Provisions

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2017 Iowa Acts Senate File 488 creates a \$5 million set-aside for projects in small cities. A “small city” is a city located outside the 11 most populous counties in Iowa. If a small city is situated in more than one county, the small city’s location is determined by the county with the greatest taxable base.

Incentives are allocated to small city projects on a first-come, first-served basis. If the \$5 million cap is reached before all eligible projects receive incentives, the remaining projects will be placed on a wait list in the order the projects registered and will be given priority for tax incentives in succeeding fiscal years. If the maximum aggregate incentive amount for projects in small cities is not reached in a given fiscal year, IEDA may issue tax incentives to other eligible projects.

A small city housing project that consists of two or more single-family dwelling units rather than four single-family dwelling units is eligible if it is developed at a greenfield site. A “greenfield site” is a site other than a brownfield or grayfield site. A project located on previously undeveloped land or agricultural land is presumed to be a greenfield site. For a small city housing project, the average dwelling unit cost for the project may not exceed \$215,000. Each qualifying housing project located in a small city is eligible for tax incentives up to 20% of the qualifying new investment.

### Sections Amended

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Section 1 of 2017 Iowa Acts Senate File 488 amends Section 15.119, Code 2017. Section 2 amends Section 15.352, Code 2017. Sections 3, through 6 amend Section 15.353, Code 2017. Section 7 amends Section 15.354, Code 2017. Section 8 amends Section 15.355, Code 2017.

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

July 1, 2017

**SF 488**

## FIRST-TIME HOMEBUYER SAVINGS ACCOUNTS

### Prior Law

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Iowa had no first-time homebuyer savings account program prior to the enactment of this bill.

### New Provisions

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2017 Iowa Acts Senate File 505 authorizes first-time homebuyer savings accounts and related tax benefits. On or after January 1, 2018, an individual may establish a first-time homebuyer savings account by opening an interest-bearing savings account with a financial institution and designating the account as a first-time homebuyer savings account. The account holder must designate one individual as the beneficiary of the account. The designated beneficiary must be a first-time homebuyer. A married couple filing jointly may establish a joint first-time homebuyer savings account. An individual may establish more than one account as long as each account has a different designated beneficiary. An individual may be both the account holder and the designated beneficiary of the same account. An individual may also be the designated beneficiary of more than one account.

Beginning with tax year 2018, the account holder of a first-time homebuyer savings account may claim a deduction for Iowa individual income tax equal to the amount of contributions the holder made during the tax year to the holder's accounts. The deduction for contributions is subject to two limits. First, the deduction for contributions is subject to an annual deduction limit of \$4,000 for married taxpayers filing a joint return and maintaining a joint first-time homebuyer savings account, and \$2,000 for all other taxpayers. The annual deduction limits are adjusted annually for inflation, beginning in calendar year 2018. Second, the deduction for contributions is subject to a lifetime limit of ten times the account holder's annual deduction limit. Additionally, the account holder may deduct interest received from the account holder's first-time homebuyer savings accounts.

Deductions for a first-time homebuyer savings account are only available to an account holder until January 1 of the tenth calendar year after the calendar year in which the account holder opened the account, or until funds are withdrawn for a purpose other than to pay the designated beneficiary's qualifying home purchase expenses, whichever occurs first.

Any amount withdrawn from a first-time homebuyer savings account for a non-qualifying purpose during the tax year must be added to the account holder's Iowa net income for that year, to the extent the amount was previously deducted as a contribution. Any amount remaining in the account on January 1 of the tenth calendar year after the account was created is considered withdrawn for a non-qualifying purpose on that date. Any withdrawal that must be added to the account holder's net income is subject to a 10% penalty, unless the withdrawal was made due to death of the account holder or due to a garnishment, levy, or other order.

In calculating Iowa taxable income, a taxpayer must add back any amounts deducted at the federal level and paid or reimbursed for qualifying purposes from funds in a first-time homebuyer savings account.

**Sections Amended**\_\_\_\_\_

Section 1 of 2017 Iowa Acts Senate File 505 amends Section 422.7, Code 2017. Section 2 amends Section 422.9, Code 2017. Sections 3 through 9 create new Chapter 541B, Code 2017.

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

July 1, 2017. The adjustments to Iowa income taxes apply to tax years beginning on or after January 1, 2018.

## **DELIVERY SALES OF VAPOR & ALTERNATIVE NICOTINE PRODUCTS**

### **Prior Law**

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Iowa Code chapter 453A regulates cigarettes, tobacco, vapor products, and alternative nicotine products (collectively referred to as “453A products”). Vapor products and alternative nicotine products are not subject to Iowa cigarette or tobacco taxes, but they are subject to Iowa sales and use taxes. Persons making retail sales of 453A products must obtain a retail permit, which is issued by the retailer’s city or county. Previously, for retail purposes, all 453A products could only be sold over the counter or through vending machines. Previously, the retail sale of all 453A products for delivery in Iowa was prohibited.

### **New Provisions**

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2017 Iowa Acts Senate File 516 allows retailers to make delivery sales of vapor products and alternative nicotine products in Iowa. A “delivery sale” is a sale of vapor or alternative nicotine products by means such as the Internet, telephone, or mail order for delivery to final consumers in Iowa. The retail sale of cigarettes and tobacco products for delivery in Iowa is still prohibited.

Retailers making delivery sales of vapor products and alternative nicotine products into Iowa must obtain a statewide retail permit issued by the Department of Revenue and must obtain a bond of \$1,000, payable to the State of Iowa. Retailers making delivery sales must verify that the purchaser is at least 18 years of age. Retailers making delivery sales must use a method of delivery that requires the signature of a person who is at least 18 years of age before releasing the shipping package to the purchaser. Retailers making delivery sales must collect and remit all Iowa sales and use taxes due and obtain the applicable sales and use tax permits. These requirements apply to all retailers making delivery sales of vapor products and alternative nicotine products in Iowa, regardless of whether the retailer’s place of business is located inside or outside Iowa.

### **Sections Amended**

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Sections 61 and 62 of 2017 Iowa Acts Senate File 516 amend Section 453A.1, Code 2017. Sections 63 and 64 amend Section 453A.13, Code 2017. Sections 65 and 66 amend Section 453A.42, Code 2017. Section 67 amends Section 453A.47A, Code 2017. Section 68 creates new Section 453A.47B, Code 2017. Section 69 creates new Section 453A.47C, Code 2017.

### **Effective Date**

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July 1, 2017

**SF 516**



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