



July 31, 2012

Scott Peterson
Executive Director
Streamlined Sales Tax Governing Board
4219 Hillsboro Pike, Suite 234
Nashville, TN 37215

Dear Scott:

Pursuant to Section 803 of the Streamlined Sales and Use Tax Agreement (SSUTA), this letter is being sent to initiate the recertification process for the State of Iowa.

As you know, Iowa was not found to be out of compliance with the Agreement during the 2011 recertification process however an issue was raised with Section 306 on the Certificate of Compliance. Specifically our law did not reference a zip code-based database when providing for relief from liability for errors with the information provided by the state. We agreed during the review to request clarifying language during our next legislative session which is part of the changes provided. The State of Iowa remains proactive in its efforts to maintain compliance with the Agreement. To that end, in its recently completed Legislative Session, the Iowa Legislature passed and Governor Terry Branstad signed 2012 Iowa Acts House File 2166, which made the changes detailed below.

Sections 1 and 2

Sections 1 and 2 of the bill amend Iowa Code § 423.1(51) by including in the definition of sales price any state, local, or tribal tax on a retail sale that is imposed on the seller if the statute, rule, local ordinance, or tribal law imposing the tax provides that the seller may, but is not required to collect the tax from the consumer, and if the tax is separately stated on the invoice, bill of sale, or similar document.

Sections 3, 4, and 5

Sections 3, 4, and 5 of the bill amend Iowa Code §§ 423.31 and 423.49 by making changes to allow sellers not registered under the Streamlined Sales Tax Agreement to file monthly returns using the Streamlined Sales Tax simplified electronic return.

Section 6

Section 6 of the bill clarifies the language in Iowa Code § 423.52(1) to indicate the Department is not required to provide relief to sellers and CSPs using a state provided,

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address-based system for assigning taxing jurisdictions when reliance is upon a database derived from zip codes and the Director has given adequate notice.

You can view the enrolled bill on the Iowa Legislature's website at: <http://coolice.legis.iowa.gov/CoolICE/default.asp?category=billinfo&service=billbook&GA=84&hbill=HF2166>

Iowa's Certificate of Compliance is enclosed. We would like to call your attention to a few items:

- The Iowa Administrative Code citations for the rules regarding telecommunications have changed due to some rule restructuring we undertook late in 2011.
- Iowa Code citations for some definitions have changed due to the 2011 Iowa Code Supplement updates.
- We reference our revised "candy rule," 701 IAC 231.4. We amended the rule to include the recent Governing Board update of candy classifications. This rule is not yet effective, but can be viewed on the Iowa Legislature's website at: <https://www.legis.iowa.gov/IowaLaw/AdminCode/bulletinSupplementListing.aspx>. (See the 5/16/12 posting date).
- Finally, we have not yet added "beverage grade carbon dioxide gas" to our definition of food and food ingredients as required by the December 2011 CRIC interpretation. As noted on the Certificate, we plan to revise our law during the 2013 Legislative Session.

The Department has also completed the revised Taxability Matrix. The Matrix will be posted on our website effective August 1, 2012. If you have any questions, please contact Victoria Daniels or myself.

Very truly yours,

Courtney M. Kay-Decker
Director