

Red Tape Review Rule Report (Due: September 1, 20 23)

Department Name:	Revenue	Date:	September 1, 2023	Total Rule Count:	15
IAC #:	701	Chapter/ SubChapter/ Rule(s):	288	Iowa Code Section Authorizing Rule:	421.14, 422.68, 423.42
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The chapter describes the Department’s interpretation of the underlying statutes to aid the public in understanding and reduce uncertainty about what is subject to sales or use tax and what is exempt. Further, the rules describe the procedures surrounding exemption certification with the intent to help the public understand the process of using and accepting exemption certificates. The rules also ensure Iowa compliance with the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA) regarding exemption certificates.

Is the benefit being achieved? Please provide evidence.

The Department has determined that the rules aid the public in better understanding the taxation of the covered items and the limitations of exemptions. Further, the rules describe the procedures required for obtaining, using, and accepting exemption certificates. The evidence for the benefit of the rules is demonstrated from the text of the rules themselves and the greater certainty they provide taxpayers.

What are the costs incurred by the public to comply with the rule?

There is no cost to comply with the rules. Any costs to comply are associated with the underlying statutes. Further, there is no fee to obtain and use exemption certificates.

What are the costs to the agency or any other agency to implement/enforce the rule?

There are no costs to the agency of implementing these rules beyond those that would otherwise be required to administer the statutes. There are tax administration expenses associated with administering exemption certificate requirements. The Department must have processes in place to enforce exemption requirements.

Do the costs justify the benefits achieved? Please explain.

There are no costs of the rules themselves. The cost of inaction would be potential confusion as the requirements and responsibilities related to taxpayer compliance with Iowa sales and use tax and the use and acceptance of exemption certificates.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The rules have been revised where possible to rescind unnecessary, obsolete, or duplicative statutory language. The rules that will be re-promulgated have been determined to be necessary. There is no less restrictive alternative to achieve the benefit of additional certainty.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or un-necessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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This chapter does contain obsolete, outdated, unnecessary, and duplicative statutory language.

RULES PROPOSED FOR REPEAL (list rule number[s]):

288.1, 288.2, 288.6, 288.7, 288.9, 288.10, 288.12, 288.14

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

288.3 is amended to remove unnecessary, outdated, and restrictive language and reworded to provide clarity. Subrules (3), (4), (5), and (6) are being moved to rules 288.4 and 288.5 respectively, which were previously reserved, for clarity, ease of use, and better organization.
288.4 is being re-promulgated with the text of 288.3(3), (4), and (5) for clarity and ease of use and the text is amended to remove unnecessary, outdated, duplicative statutory, and restrictive language.
288.5 is being re-promulgated with the text of 288.3(6) for clarity and ease of use and the text is amended to remove outdated, language.
288.8 is amended to remove unnecessary restrictive language
288.11 is amended to remove unnecessary restrictive language.
288.13 is amended to remove unnecessary restrictive language.
288.15 is amended to remove restrictive language.

The text of the proposed rules will be published with the regulatory analysis in the Iowa Administrative Code Bulletin in the coming months.

****For rules being re-promulgated with changes, you may attach a document with suggested changes.***

METRICS

Total number of rules repealed:	8
Proposed word count reduction after repeal and/or re-promulgation	2140
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	29

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

None.