BEFORE THE IOWA DEPARTMENT OF REVENUE
HOOVER STATE OFFICE BUILDING
DES MOINES, IOWA

IN THE MATTER OF PARKING, INC. DBA KECK PARKING 475 SW 5TH ST DES MOINES IA 50309-4666 SALES/USE/EXCISE TAX	**DECLARATORY ORDER** DOCKET NO. 1213390

Pursuant to a Petition for Declaratory Order ("Petition") filed with the Iowa Department of Revenue ("Department") by Parking, Inc. DBA Keck Parking ("Petitioner") on January 22, 2026, and in accordance with Iowa Code section 17A.9 (2026) and Iowa Administrative Code rule 701—4.7(17A), "Declaratory order-in general," the Director issues the following order.

I. FACTS

The facts below are based on the Petition, a response to a request for information provided by Petitioner on February 26, 2026, and a Management Agreement ("Agreement") between Petitioner and Federal Home Loan Bank of Des Moines ("FHLB").

Petitioner is a company that is retained by the owners of parking facilities to manage and operate those parking facilities. Petitioner has entered into a contract with FHLB to manage and operate a parking facility owned by FHLB. The parking facility contains spaces that FHLB plans to use for its own purposes and additional parking spaces that will be offered for a fee to individuals and businesses for daily or monthly parking. Petitioner describes FHLB as a federally chartered entity.

Petitioner provided a copy of the Agreement and describes the way in which it manages and operates the parking facility. Under the Agreement, Petitioner is to act as FHLB's agent and is responsible for the operation and maintenance of the parking facility. These responsibilities include opening an operating account with seed money from FHLB. Per the Agreement, funds from this account are to be used for the operating costs of the parking facility. The Agreement also requires that Petitioner collect parking fees from customers and place them into the operating account. Petitioner states that it will follow this procedure if it is deemed to be acting as an agent for FHLB. If Petitioner is deemed the seller, then the Petition states that Petitioner would deposit these amounts into its own account. This order will evaluate Petitioner's sales tax liability under the provided Agreement that Petitioner states it has entered into.

Petitioner receives a management fee for its services for which it issues itself a check from the operating account. The funds from the operating account are not to be commingled with any of Petitioner's other funds. The Agreement also requires that Petitioner write checks from the operating account for the operation of the parking facility, provide reports on expenditures to FHLB, and serve various customer service, maintenance, and advertising functions.

II. ISSUES PRESENTED

Petitioner presented the following questions for consideration:

1. Whether Petitioner must collect and remit sales tax on the sales price of the parking spaces in the parking garage owned by FHLB.[1]
2. Whether this determination changes based on whether Petitioner acts as an agent of FHLB.

III. STANDARD OF REVIEW

Declaratory Orders under the Iowa Administrative Procedure Act:

Iowa Code chapter 17A, the Iowa Administrative Procedure Act ("IAPA"), was enacted "to provide a minimum procedural code for the operation of all state agencies when they take action affecting the rights and duties of the public." Iowa Code § 17A.1(2). Under the IAPA, "[a]ny person may petition an

[1] In the Petition, Petitioner asked whether the sales price of the parking spaces is subject to Iowa sales tax and asked whether it "must collect and remit sales tax on these transactions." In its response to a request for additional information, it asked whether it "should" collect and remit sales tax on these amounts. This order will address Petitioner's obligation to collect and remit sales tax.

agency for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the agency." *Id.* § 17A.9(1)(a). The IAPA also describes agency rights and responsibilities with respect to declaratory order proceedings. *Id.* § 17A.9(8). Pursuant to Iowa Code section 17A.9(2), the Department adopted Iowa Administrative Code rule 701—4.7, which outlines department-specific rules governing declaratory orders.

The purpose of a declaratory order is to provide a "generally available means for persons to obtain reliable information about agency administered law as it applies to their particular circumstances." *Sierra Club Iowa Chapter v. Iowa Dep't of Transp.*, 832 N.W.2d 636, 647 (2013) (citing Arthur Earl Bonfield, Amendments to Iowa Administrative Procedure Act, Report on Selected Provisions to Iowa State Bar Association and Iowa State Government, 1–8 (1998)). Declaratory orders are not contested cases that "entitle parties affected by the agency action to an adversarial hearing" in order to "adjudicate disputed facts pertaining to particular individuals in specific circumstances." *Greenwood Manor v. Iowa Dep't of Pub. Health, State Health Facilities Council*, 641 N.W.2d 823, 834 (Iowa 2002); see also Iowa Code § 17A.12. Instead, the IAPA "contemplates declaratory rulings by administrative agencies on purely hypothetical sets of facts." *City of Des Moines v. Pub. Emp't Relations Bd.*, 275 N.W.2d 753, 758 (Iowa 1979).

As such, "[t]he procedure established by section 17A.9 allows persons to seek formal opinions on the effect of future transactions and arrange their affairs accordingly." *Bennett v. Iowa Dep't of Nat. Res.*, 573 N.W.2d 25, 26 (Iowa 1997). Declaratory orders issued by an administrative agency do, however, have "the same status and binding effect as any final order issued in a contested case proceeding." Iowa Code § 17A.9(7). The Department's rules governing declaratory orders are consistent with this understanding of the role of declaratory orders in administrative procedure. See Iowa Admin. Code r. 701—4.7.

IV. DISCUSSION

A. The service at issue is subject to sales tax in Iowa

Petitioner requests a decision on its obligation to collect and remit sales tax on the parking spaces offered to customers in the garage owned by FHLB. We begin by evaluating whether the service at issue is a taxable service. Iowa imposes sales tax on "the sales price from the furnishing of services as defined in section 423.1." Iowa Code § 423.2(5). Further, the "sales price of any of the . . . enumerated services [listed in subsection 423.2(6)] is subject to the tax imposed by subsection 5." *Id.* § 423.2(6). Included in the list of taxable services enumerated by the Code is "[p]arking facilities." *Id.* § 423.2(6)(ak). This section is implemented by Iowa Administrative Code rule 701—211.12. Iowa Administrative Code rule 701—211.12(1) states, "[p]ersons engaged in the business of operating a parking facility for a fee are selling a service subject to sales tax." Under Iowa Administrative Code rule 701—211.12(2), a parking facility is "any place that is used for parking a vehicle for consideration." This subrule goes on to state, "[I]t is irrelevant whether the charge is by the hour, day, month, or any other period of time."

Petitioner provides an Agreement it has in place with FHLB to operate a parking garage owned by FHLB, selling parking spaces to individuals and to area businesses for various periods of time. These customers pay for the use of these spaces. Therefore, the space in question is being used to park vehicles for consideration as described by Iowa Administrative Code rule 701—211.12(1). Therefore, the space in question is a parking facility. The described service is the operation of a parking facility where, under the Agreement with FHLB, Petitioner performs tasks for the daily operation of a parking facility. The service at issue is subject to sales tax in Iowa, subject to any potential exemptions.

B. The exemptions raised in the Petition do not apply to Petitioner

In the Petition and in Petitioner's additional response to a request for information, Petitioner discusses exemptions relevant to federal entities. Specifically, Petitioner discusses the exemption in Iowa Code section 423.3(31)(a), which exempts from sales tax the sales price of tangible personal property sold to and services furnished to “a tax-certifying or tax-levying body of the state or a governmental subdivision of the state, including . . . all divisions, boards, commissions, agencies, or instrumentalities of state, federal, county, municipal, or tribal government.” In its response to a request for information, Petitioner also referenced an argument about the constitutionality of a state taxing the federal government, but did not further evaluate the potential applicability of such an argument.

Petitioner is not a federal entity and has not provided any information on making sales to a federal entity. Petitioner asserts that FHLB is a federal entity and discusses these exemptions as being relevant to FHLB. Iowa Code section 17A.9(1)(b)(2) prohibits the Department from issuing a declaratory order " . . . that would substantially prejudice the rights of a person who would be a necessary party and who does not consent in writing to the determination of the matter by a declaratory order proceeding." Because FHLB is not a party to the Petition and has not consented to be bound by this order, the order will not evaluate exemptions as they may apply to FHLB or FHLB’s sales tax liability.

C. Petitioner is not a seller who is a retailer

According to Iowa Code section 423.14(1)(a), sales tax “shall be collected by sellers who are retailers or by their agents.” Iowa Code section 423.1(53) defines “seller” as “any person making sales, leases, or rentals of personal property or services.” Iowa Code section 423.1(47) defines “retailer” as “every person engaged in the business of selling tangible personal property, specified digital products, or taxable services at retail . . . from which revenues are derived.”

According to the Petition and the Agreement, Petitioner is tasked with providing customer service, collecting customer payments, advertising the parking garage, maintaining the parking garage, and other operational tasks. According to the provided Agreement, Petitioner does not retain the revenue from these sales. Rather, Petitioner places these amounts into an operating account for FHLB. Petitioner is paid a flat fee by FHLB out of the operating account for its services. Although Petitioner is soliciting customers and taking payments in exchange for parking, it does not own the parking spaces that are being offered for a fee and it is not deriving revenues from these sales. Rather, Petitioner is a service provider that collects payments and places them into the operating account as mandated by the Agreement. Therefore, Petitioner is not obligated to collect and remit Iowa sales tax as a "seller who is a retailer" under Iowa Code section 423.14(1)(a).

D. Petitioner is obligated to collect and remit sales tax in its capacity as an agent

The service of "parking facilities" is subject to sales tax under Iowa Code section 423.2(6)(ak). As discussed above, Petitioner is not a "seller who is a retailer." Under Iowa Code section 423.14(1)(a), sales tax "shall be collected by sellers who are retailers or by their agents." Petitioner asks about its obligation to collect and remit sales tax as FHLB's agent. An agency relationship requires "(1) manifestation of consent by one person, the principal, that another, the agent, shall act on the former's behalf and subject to the former's control and (2) consent by the latter to so act. *Vroegh v. Iowa Dep't of Corr.*, 972 N.W.2d 686, 707 (Iowa 2022) (quoting *Pillsbury Co. v. Ward*, 250 N.W.2d 35, 38 (Iowa 1977)). The Agreement states in Article IX Paragraph C, "[Petitioner] shall be deemed [FHLB's] agent for performance of the operation and maintenance responsibilities assumed by [Petitioner] under this Agreement." The inclusion of this clause indicates mutual consent by Petitioner and FHLB for Petitioner to act as an agent.

In addition to the Agreement specifically stating that Petitioner is acting as an agent in the operation of the parking garage, the Agreement as a whole and the facts provided in the Petition indicate that Petitioner is acting as an agent. Article III section A of the Agreement lists requirements of Petitioner. This section requires Petitioner to manage all contracts related to the parking operation on FHLB's behalf. This clause also requires that Petitioner provide copies of service contracts to FHLB upon request, which also indicates that Petitioner is primarily in charge of these contractual relationships. This section also requires Petitioner to set up an operating account on FHLB's behalf with funds supplied by FHLB and requires Petitioner to use the funds to operate the parking facility and place all revenues in the fund. The requirements that Petitioner manage these contracts and operate the parking facility in this manner indicate that Petitioner is acting on FHLB's behalf under its control in the operation of the parking facility and that both Petitioner and FHLB have agreed to this arrangement in the Agreement. Petitioner is not a "seller who is a retailer" under Iowa Code section 423.14(1)(a) as discussed above, but operating a parking facility is a service that is subject to sales tax. Because Petitioner is acting as an agent in the sale of the taxable service at issue, it is obligated to collect and remit sales tax only in its capacity as an agent of FHLB under the provided Agreement and facts.

V. CONCLUSION

Operating a parking facility is a service that is subject to Iowa sales tax under Iowa Code section 423.2(6)(ak). For purposes of FHLB's parking facility, Petitioner is not a "seller who is a retailer" under Iowa Code section 423.14(1)(a). However, Petitioner is obligated to collect and remit Iowa sales tax only in its capacity as an agent of FHLB under the provided Agreement and facts. If FHLB is not required to collect sales tax for furnishing the service of parking facilities, Petitioner is also not required to collect sales tax in its role as FHLB's agent; however, the Director cannot evaluate whether FHLB is required to collect sales tax in this declaratory order.

ORDER

THEREFORE, based on the facts presented, foregoing reasoning, and applicable provisions of the law, the questions presented in Petitioner's Petition for Declaratory Order, Docket No. 1213390 are answered above.

Issued at Des Moines, Iowa this 4th day of May, 2026.

IOWA DEPARTMENT OF REVENUE

By Mary Mosiman

Mary Mosiman, Director