

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

IN THE MATTER OF

ZIRMED, INC. (a/k/a WAYSTAR, INC).

SALES AND USE TAX

**REFUSAL TO ISSUE  
DECLARATORY ORDER**

DOCKET NO. 2020-300-2-0284

Pursuant to a Petition for Declaratory Order (hereinafter referred to as "Petition") filed with the Iowa Department of Revenue (hereinafter referred to as "Department") by Zirmed, Inc. (a/k/a Waystar, Inc.) (hereinafter referred to as "Waystar" or "Petitioner") on June 1, 2020 and in accordance with Iowa Code section 17A.9 and Iowa Administrative Code rule 701—7.24(17A), "Declaratory order-in general," the Director issues the following order.

**I. FACTS AND ISSUES PRESENTED**

The findings of fact are based on the Petition and additional undisputed facts relevant to this Order. Waystar is a business for healthcare organizations, which delivers patient information to Waystar, which then provides data and bill processing services. Clients of the healthcare organizations receive patient statements and medical billing information from Waystar. Waystar's petition for a declaratory order requests guidance on the taxability of its service of printing and mailing patient statements to the health organization's clients.

## II. STANDARD OF REVIEW

### A. Declaratory Orders under the Iowa Administrative Procedure Act

The function of a declaratory order is to provide “reliable advice from an agency as to the applicability of unclear law.” Arthur Earl Bonfield, *The Iowa Administrative Procedure Act: Background, Construction, Applicability, Public Access to Agency Law, The Rulemaking Process*, 60 Iowa L. Rev. 731, 805 (1975). Iowa Code section 17A.9 contemplates declaratory orders by administrative agencies on a disclosed set of facts. *City of Des Moines v. P.E.R.B.*, 275 N.W.2d 753, 758 (Iowa 1979). A declaratory order enables the public to secure definitive binding advice as to the applicability of agency-enforced law to a particular set of facts. Bonfield, *supra*, at 822–23.

It is not the function of a declaratory order to resolve issues involving factual analysis “too complicated to handle outside of an actual adjudication.” *Id.* at 807. A declaratory order is not a “contested case” as defined in Iowa Code section 17A.2(5); namely, it is not an evidentiary hearing, which is a separate administrative remedy set forth in Iowa Code chapter 17A and in the Department’s rules. See Iowa Admin. Code r. 701—7.41(17A). Consequently, for the purposes of any declaratory order, the Director views the issues raised in the petition as questions of law applicable to future factual situations as disclosed in the petition. This view is consistent with Iowa Administrative Code rule 701—7.41(17A) concerning the issuance of declaratory orders.

### III. RULING

For the reasons stated below, the Director refuses to issue a declaratory order in response to Waystar's Petition. Pursuant to Iowa Administrative Code rule 701—7.24(1)“b”, a petition for a declaratory order must contain, among other things, the following:

- (1) A clear and concise statement of all relevant facts on which the order is requested;
- (2) A citation and the relevant language of the specific statutes, rules, policies, decisions, or order, whose applicability is questioned, and any other relevant law;
- ....
- (4) The answers to the questions desired by the petitioner and a summary of the reasons urged by the petitioner in support of those answers;

The Petition does not meet these requirements. The Petition does not identify the specific statutes or rules on which the Petitioner's arguments are based and lacks a discussion of the particular factual circumstances applied to such statutes and rules that give rise to the questions Waystar presents for review. Absent this information, the Director is unable to adequately respond to the questions raised in the Petition.

Pursuant to Iowa Administrative Code rule 701—7.24(9), the Director therefore refuses to issue a declaratory order for the following reasons: (1) The Petition does not substantially comply with Iowa Administrative Code rule 701—7.24(1); (2) “The Petition does not contain facts sufficient to demonstrate that the petitioner will be aggrieved or adversely affected by the failure of the department to issue an order”, and (3) “The facts or questions presented in the petition are unclear, overbroad, insufficient, or otherwise inappropriate as a basis upon which



to issue an order.” Pursuant to Iowa Administrative Code 701—7.24(9)(c), Waystar may submit a new petition that complies with the rules as discussed above.

Issued at Des Moines, Iowa this 26 day of June, 2020.

IOWA DEPARTMENT OF REVENUE

By 

Kraig Paulsen, Director

CERTIFICATE OF SERVICE

I certify that on this 26<sup>th</sup> day of June, 2020, I caused a true and correct copy of the Declaratory Order of the Director of Revenue to be forwarded by U.S. Mail to the following person:

Brad Thomas  
Accounting Manager  
Zirned, Inc. (a/k/a Waystar, Inc.)  
888 West Market St.  
Louisville, KY 40202



Hollie Welch, Executive Secretary  
Iowa Department of Revenue

June 26, 2020

Brad Thomas  
Accounting Manager  
Zirned, Inc. (a/k/a Waystar, Inc.)  
888 West Market St.  
Louisville KY 40202

**RE: Refusal to Issue Declaratory Order in Response to Petition for Declaratory Order  
(Docket No. 2020-300-2-0284)**

Dear Brad Thomas,

The Iowa Department of Revenue ("Department") received the Petition for a Declaratory Order ("Petition") filed by Zirned, Inc. (a/k/a Waystar, Inc., hereinafter "Waystar"). In response, the Department issued a Refusal to Issue a Declaratory Order pursuant to Iowa Administrative Code rule 701—7.24(9). If it so chooses, Waystar may submit a new petition that complies with the requirements found in Iowa Administrative Code rule 701-7.24(1)"b".

In the Petition, Waystar requested guidance on the taxability of printing and mailing patient statements. If Waystar needs guidance on the taxability of this service, it must provide more information, including the specific statute(s), rule(s), or policy(ies) it believes are relevant and applicable. Further, Waystar should include specific facts and specific questions relating to this service in addition to how this service is connected to Waystar's "data and bill processing service" in a new petition. Additionally, Waystar should include specific facts about what, if any, services are provided in Iowa or with individuals or businesses located in Iowa.

I hope this information is helpful and if you have additional questions, please feel free to contact the Department.

Sincerely,



Amy Stohlmeyer  
Attorney, Legal Services  
Iowa Department of Revenue