

Senate File 1160
Ways and Means
Junkins, Chairperson
Nolting
Taylor

FILED FEB 17 1976

SENATE FILE 1160

By NORPEL, ANDERSEN, MERRITT
and WINKELMAN

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

- 1 An Act to provide for sales and use tax exemptions on
- 2 expenditures for air and water pollution control.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 4
- 5

SENATE FILE 1160
FISCAL NOTE

Date prepared: March 18, 1976
Requested by: Senator Norpel
Prepared in regard to Senate File 1160, An Act to provide for sales and use tax exemptions on expenditures for air and water pollution control.

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

The fiscal effect of the proposal will be a decline in sales and use tax collections. However, it is not possible to estimate the decline in revenue due to the absence of accurate statewide data on the amounts of expenditures made for taxable air and water pollution control equipment.

Source: Department of Revenue

FILED
MARCH 22, 1976

BY GERRY D. RANKIN
LEGISLATIVE FISCAL DIRECTOR

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1 Section 1. Section four hundred twenty-two point forty-
2 five (422.45), Code 1975, as amended by Acts of the Sixty-
3 sixth General Assembly, 1975 Session, chapter two hundred
4 eleven (211), section one (1), is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. The gross receipts from the sale of
7 tangible personal property purchased for use for, or of
8 services rendered, furnished or performed for pollution control
9 if the taxpayer or user shall submit at the time of the sale
10 of tangible personal property, or of services rendered,
11 furnished or performed, a certificate issued by the executive
12 director of the department of environmental quality which
13 states that the air quality commission or the water quality
14 commission has directed the department of environmental quality
15 to certify that the expenditures are to control or abate
16 pollution or that the expenditures enhance the quality of
17 any water or air of this state. A certificate shall be issued
18 for pollution control devices, structures, facilities or
19 expenditures for which a permit is issued under subsection
20 three (3) of section four hundred fifty-five B point thirteen
21 (455B.13) of the Code or section four hundred fifty-five B
22 point forty-five (455B.45) of the Code. When the retailer
23 accepts in good faith a certificate at the time of making
24 the sale, the retailer shall attach the certificate to his
25 return filed with the department of revenue and shall be
26 relieved from submitting the sales or use tax upon the purchase
27 price of the tangible personal property sold or services
28 rendered, furnished or performed.

29 a. For purposes of this subsection, property or services
30 which are used, rendered, furnished or performed primarily
31 to control or abate the pollution of any air or water in this
32 state shall be deemed to be "for pollution control" within
33 the meaning of this subsection. In the event that such
34 property or services shall primarily serve other purposes
35 or uses of productive benefit to the purchaser, only such

1 portion of the cost thereof as may be reasonably calculated
2 to be necessary for and devoted to the control and abatement
3 of pollution or to the enhancement of the quality of the air
4 or water of this state shall be exempt from taxation under
5 this subsection.

6 b. For purposes of this subsection, "pollution" means
7 air pollution as defined in section four hundred fifty-five
8 B point ten (455B.10) of the Code or water pollution as defined
9 in section four hundred fifty-five B point thirty (455B.30)
10 of the Code. "Water of the state" means water of the state
11 as defined in section four hundred fifty-five B point thirty
12 (455B.30) of the Code. "Enhance the quality" means to diminish
13 the level of pollutants to a point equal to or below the air
14 or water quality standards established by the water quality
15 commission or the air quality commission of the department
16 of environmental quality.

17 EXPLANATION

18 The purpose of this bill is to allow sales and use tax
19 exemptions for expenditures for property or services rendered
20 to control or abate pollution or enhance the quality of air
21 or water in this state.

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