

SENATE FILE 564

BY COMMITTEE ON WAYS AND MEANS  
*approved 4/11 (P. 1332)*

FILED APR 11 1985

Passed Senate, Date 4-22-85 (P. 1558) Passed House, Date 5-1-85 (P. 2100)

Vote: Ayes 43 Nays 0 Vote: Ayes 93 Nays 2

Approved May 31, 1985

### A BILL FOR

1 An Act relating to the exemption of certain nonprofit corpora-  
2 tions providing services to disabled persons and adult day  
3 care services from the sales, services and use tax, providing  
4 for sales, services and use tax refunds for those corpora-  
5 tions, and making the exception retroactive.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

S-3723

SENATE FILE 564

- 1 Amend Senate File 564 as follows:
- 2 1. Page 1, by inserting after line 19 the
- 3 following:
- 4 "d. Community mental health centers accredited
- 5 by the department of human services pursuant to
- 6 chapter 225C."

S-3723 Filed April 12, 1985

By C. MILLER

*Adopted 4/22*

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1 Section 1. Section 422.45, Code 1985, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. The gross receipts from the sale or rental  
4 of tangible personal property or from services performed,  
5 rendered, or furnished to the following nonprofit  
6 corporations:

7 a. Residential care facilities and intermediate care  
8 facilities for the mentally retarded licensed by the  
9 department of health under chapter 135C.

10 b. Residential facilities for mentally retarded children  
11 licensed by the department of human services pursuant to  
12 chapter 237A.

13 c. Rehabilitation facilities that provide accredited  
14 rehabilitation services to persons with disabilities which are  
15 accredited by the commission on accreditation of  
16 rehabilitation facilities or the accreditation council for  
17 services for mentally retarded and other developmentally  
18 disabled persons and adult day care services approved for  
19 reimbursement by the state department of human services.

20 Sec. 2. Claims for refunds as a result of this Act for  
21 sales, services, and use taxes paid on transactions occurring  
22 between July 1, 1980 and July 1, 1985 involving the retail  
23 sale or rental of tangible personal property or from services  
24 performed, rendered, or furnished to the nonprofit  
25 corporations described in section 1 of this Act shall be filed  
26 between July 1, 1985 and July 1, 1986, notwithstanding any  
27 other provision of law.

28 Sec. 3. Section 1 of this Act is retroactive to July 1,  
29 1980.

30 EXPLANATION

31 The bill provides a sales and use tax exemption for sales  
32 or rentals of personal property or services to nonprofit  
33 corporations that provide services and assistance to disabled  
34 persons and are licensed or accredited by the department of  
35 health, department of human services, or certain national

1 associations or provide adult day care services which are  
2 approved for reimbursement by the state department of human  
3 services.

4 The bill is retroactive to July 1, 1980 and provides that  
5 refunds for sales and use taxes paid by these corporations  
6 between July 1, 1980 and July 1, 1985 must be filed between  
7 July 1, 1985 and July 1, 1986.

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SENATE FILE 564  
FISCAL NOTE

REQUESTED BY REPRESENTATIVE FEY

In compliance with a written request received April 24, 1985, a fiscal note for SENATE FILE 564 is hereby submitted pursuant to Joint Rule 17. Data used in developing the fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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SENATE FILE 564 as amended and passed by the Senate provides a sales and use tax exemption for sales made to certain facilities in the care of the mentally retarded. The bill offers the tax benefit to four organizational types:

1. Residential and intermediate care facilities for the mentally retarded under Chapter 135C;
2. Residential facilities for mentally retarded children licensed under Chapter 237A;
3. Rehabilitation facilities that provide services to persons with disabilities which are accredited by the Commission on Accreditation of Rehabilitation Facilities or the Accreditation Council for Services for Mentally Retarded and Other Developmentally Disabled Persons, and adult day care services approved for reimbursement by the state department of human services;
4. Community mental health centers accredited by the state department of human services pursuant to chapter 225C.

Senate File 564 is retroactive to July 1, 1980 and provides that requests for refunds for sales and use taxes paid by these corporations between July 1, 1980 and July 1, 1985 must be filed between July 1, 1985 and July 1, 1986.

FISCAL EFFECT: Revenue Department research in conjunction with the Department of Human Services has identified the number of qualifying institutions as in excess of 100, with each agency varying in size and activity. The number of institutions which may qualify for the exemption as facilities 'for the mentally retarded' could be greater depending on how the qualifications are interpreted.

Upon review of Revenue Department records, an estimate of the taxable purchases of these institutions at current levels cannot be provided. As most purchases would be made from retailers who would have remitted the tax, the sales tax returns fail to provide an indication of the taxable activity of these institutions or facilities. Additionally, an estimate of the fiscal effect pertaining to refund claims which would be filed due to the retroactivity of the bill cannot be provided.

(LSB 2886S, RJH)

FILED APRIL 24, 1985

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE

564

BY COMMITTEE ON WAYS AND MEANS

(AS AMENDED AND PASSED BY THE SENATE APRIL 22, 1985)

Passed Senate, Date 5-1-85 (p. 1865) Passed House, Date 5-1-85 (p. 2100)  
Vote: Ayes 46 Nays 0 Vote: Ayes 93 Nays 2  
Approved May 31, 1985

## A BILL FOR

1 An Act relating to the exemption of certain nonprofit corpora-  
2 tions providing services to disabled persons and adult day  
3 care services from the sales, services and use tax, providing  
4 for sales, services and use tax refunds for those corpora-  
5 tions, and making the exception retroactive.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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\_\_\_\_\_ = New Language  
by the Senate

1 Section 1. Section 422.45, Code 1985, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. The gross receipts from the sale or rental  
4 of tangible personal property or from services performed,  
5 rendered, or furnished to the following nonprofit  
6 corporations:

7 a. Residential care facilities and intermediate care  
8 facilities for the mentally retarded licensed by the  
9 department of health under chapter 135C.

10 b. Residential facilities for mentally retarded children  
11 licensed by the department of human services pursuant to  
12 chapter 237A.

13 c. Rehabilitation facilities that provide accredited  
14 rehabilitation services to persons with disabilities which are  
15 accredited by the commission on accreditation of  
16 rehabilitation facilities or the accreditation council for  
17 services for mentally retarded and other developmentally  
18 disabled persons and adult day care services approved for  
19 reimbursement by the state department of human services.

20 d. Community mental health centers accredited by the  
21 department of human services pursuant to chapter 225C.

22 Sec. 2. Claims for refunds as a result of this Act for  
23 sales, services, and use taxes paid on transactions occurring  
24 between July 1, 1980 and July 1, 1985 involving the retail  
25 sale or rental of tangible personal property or from services  
26 performed, rendered, or furnished to the nonprofit  
27 corporations described in section 1 of this Act shall be filed  
28 between July 1, 1985 and July 1, 1986, notwithstanding any  
29 other provision of law.

30 Sec. 3. Section 1 of this Act is retroactive to July 1,  
31 1980.

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SENATE FILE 564

H-3998

1 Amend Senate File 564 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 1, line 8, by inserting after the word  
4 "retarded" the following: "and residential care  
5 facilities for the mentally ill".

6 2. Page 1, line 12, by striking the figure "237A"  
7 and inserting the following: "237".

8 3. Page 1, by striking lines 22 through 31 and  
9 inserting the following:

10 "Sec. 2. Sales, services and use taxes which were  
11 payable on transactions occurring between July 1, 1980  
12 and July 1, 1985 involving the retail sale or rental  
13 of tangible personal property or from services  
14 performed, rendered, or furnished to the nonprofit  
15 corporations described in section 1 of this Act and  
16 which have not been paid by those nonprofit  
17 corporations are no longer due and payable after July  
18 1, 1985, and the department of revenue shall not  
19 collect these taxes, notwithstanding any other  
20 provision of law.

21 Sec. 3. This Act is effective July 1, 1985."

22 4. Title page, by striking lines 3 through 5 and  
23 inserting the following: "care services from the  
24 sales, services and use tax, prohibiting the  
25 collection for certain sales, services and use tax not  
26 paid by those corporations."

BY FEY of Scott  
GRONINGA of Cerro Gordo  
DE GROOT of Lyon  
HOLVECK of Polk  
CONNOLLY of Dubuque

H-3998 FILED APRIL 24, 1985

*Adopted 5/1/85 (p. 2100)*

SENATE FILE 564  
AMENDMENT H-3998  
FISCAL NOTE

REQUESTED BY REPRESENTATIVE FEY

In compliance with a written request received April 24, 1985, a fiscal note for AMENDMENT H-3998 TO SENATE FILE 564 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment H-3998 to Senate File 564 as amended and passed by the Senate expands the sales and use tax exemption for the sale and rental of tangible personal property or services to certain nonprofit corporations to include residential care facilities for the mentally ill. The amendment also provides that sales, services, and use taxes which were payable on transactions occurring between July 1, 1980 and July 1, 1985 by the nonprofit corporations enumerated in the bill and the amendment are no longer due and payable.

FISCAL EFFECT: The fiscal effect of Amendment H-3926 cannot be determined. Department of Revenue records do not indicate the level of taxable purchases made by the affected institutions.  
(LSB 2886S.2, RJH)

FILED APRIL 24, 1985

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 564

H-4055

1 Amend the Fey et al amendment H-3998 to Senate File  
2 564 as amended, passed and reprinted by the Senate as  
3 follows:

4 1. Page 1, by inserting after line 20 the  
5 following:

6 "Sec. \_\_\_\_ . Claims for refunds as a result of this  
7 Act for sales, services, and use taxes paid on  
8 transactions occurring between January 1, 1984 and  
9 July 1, 1985 involving the retail sale or rental of  
10 tangible personal property or from services performed,  
11 rendered, or furnished to the nonprofit corporations  
12 described in section 1 of this Act shall be filed  
13 between July 1, 1985 and July 1, 1986, notwithstanding  
14 any other provision of law."

15 2. Page 1, line 21, by striking the words and  
16 figures "effective July 1, 1985" and inserting the  
17 following: "retroactive to January 1, 1984".

18 3. Page 1, by striking lines 22 through 26 and  
19 inserting the following:

20 "\_\_\_\_ Title page, line 5, by inserting after the  
21 word "tions," the following: "prohibiting the  
22 collection for certain sales, services, and use tax  
23 not paid by those corporations, "."

H-4055 FILED APRIL 22, 1985 BY LAGESCHULTE of Bremer

*Lost 5-1-85 (p. 2100)*

SENATE 14  
MAY 2, 1985

S-4166

HOUSE AMENDMENT TO  
SENATE FILE 564

1 Amend Senate File 564 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 1, line 8, by inserting after the word  
4 "retarded" the following: "and residential care  
5 facilities for the mentally ill".

6 2. Page 1, line 12, by striking the figure "237A"  
7 and inserting the following: "237".

8 3. Page 1, by striking lines 22 through 31 and  
9 inserting the following:

10 "Sec. 2. Sales, services and use taxes which were  
11 payable on transactions occurring between July 1, 1980  
12 and July 1, 1985 involving the retail sale or rental  
13 of tangible personal property or from services  
14 performed, rendered, or furnished to the nonprofit  
15 corporations described in section 1 of this Act and  
16 which have not been paid by those nonprofit  
17 corporations are no longer due and payable after July  
18 1, 1985, and the department of revenue shall not  
19 collect these taxes, notwithstanding any other  
20 provision of law.

21 Sec. 3. This Act is effective July 1, 1985."

22 4. Title page, by striking lines 3 through 5 and  
23 inserting the following: "care services from the  
24 sales, services and use tax, prohibiting the  
25 collection for certain sales, services and use tax not  
26 paid by those corporations."

S-4166 Filed May 1, 1985

RECEIVED FROM THE HOUSE

*Senate concurred 5-1-85 (p 1865)*

SENATE FILE 564

AN ACT

RELATING TO THE EXEMPTION OF CERTAIN NONPROFIT CORPORATIONS PROVIDING SERVICES TO DISABLED PERSONS AND ADULT DAY CARE SERVICES FROM THE SALES, SERVICES AND USE TAX, PROHIBITING THE COLLECTION FOR CERTAIN SALES, SERVICES AND USE TAX NOT PAID BY THOSE CORPORATIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale or rental of tangible personal property or from services performed, rendered, or furnished to the following nonprofit corporations:

- a. Residential care facilities and intermediate care facilities for the mentally retarded and residential care facilities for the mentally ill licensed by the department of health under chapter 135C.
- b. Residential facilities for mentally retarded children licensed by the department of human services pursuant to chapter 237.
- c. Rehabilitation facilities that provide accredited rehabilitation services to persons with disabilities which are accredited by the commission on accreditation of rehabilitation facilities or the accreditation council for services for mentally retarded and other developmentally disabled persons and adult day care services approved for reimbursement by the state department of human services.
- d. Community mental health centers accredited by the department of human services pursuant to chapter 225C.

Sec. 2. Sales, services and use taxes which were payable on transactions occurring between July 1, 1980 and July 1,

1985 involving the retail sale or rental of tangible personal property or from services performed, rendered, or furnished to the nonprofit corporations described in section 1 of this Act and which have not been paid by those nonprofit corporations are no longer due and payable after July 1, 1985, and the department of revenue shall not collect these taxes, notwithstanding any other provision of law.

Sec. 3. This Act is effective July 1, 1985.

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ROBERT T. ANDERSON  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 564, Seventy-first General Assembly.

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K. MARIE THAYER  
Secretary of the Senate

Approved May 31, 1985

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TERRY E. BRANSTAD  
Governor