

FILED FEB 25 1999

SENATE FILE 231
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 155)

Passed Senate, Date ^(P.640) 3/16/99 Passed House, Date ^(P.1397) 4/19/99
Vote: Ayes 47 Nays 0 Vote: Ayes 97 Nays 3
Approved April 26, 1999

A BILL FOR

1 An Act providing a sales and use tax exemption for hospices.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 231

1 Section 1. Section 422.45, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 54A. The gross receipts from the sale or
4 rental of tangible personal property or from services
5 performed, rendered, or furnished to a freestanding nonprofit
6 hospice facility which operates a hospice program as defined
7 in 42 C.F.R., ch. IV, § 418.3, which property or services are
8 to be used in the hospice program.

9 EXPLANATION

10 The bill exempts from the sales and use taxes the sale of
11 tangible personal property or services furnished or rendered
12 to a freestanding nonprofit hospice facility which operates a
13 hospice program as defined in federal regulations and where
14 the property or services are to be used in the hospice
15 program.

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**SENATE FILE 231
FISCAL NOTE**

A fiscal note for Senate File 231 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 231 exempts from the sales and use taxes the sale of tangible personal property or services furnished or rendered to a free-standing hospice facility which operates a hospice program in accordance with federal regulations and where the property or services are to be used in the hospice program. When the 1998 General Assembly exempted nonprofit hospitals from the sales tax, hospice facilities located within hospitals were also exempted from the sales tax.

ASSUMPTIONS

1. There are 25 free-standing hospice facilities in the State.
2. Total taxable purchases by these free-standing hospice facilities are estimated at approximately \$1.0 million annually.

FISCAL EFFECT

The State General Fund fiscal impact of SF 231 is expected to be a reduction in sales tax revenue of approximately \$50,000 in FY 2000 and \$50,000 in FY 2001.

SOURCES

Iowa Hospice Association
Iowa Hospitals and Health Systems

(LSB 2048SV, LCS)

FILED MARCH 1, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 231

H-1102

1 Amend Senate File 231, as passed by the Senate, as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 422.43, Code 1999, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 14. There is imposed a tax of
8 five percent upon the gross receipts from the sales or
9 rental of tangible personal property to a hospital or
10 from services performed, rendered, or furnished to a
11 hospital or hospice where the sales or services are on
12 behalf of a clinic or off-site pharmacy. A tax at a
13 like rate is imposed on the gross receipts from the
14 sales or rental of tangible personal property by a
15 hospital or hospice to a clinic or off-site pharmacy
16 or from services performed, rendered, or furnished by
17 a hospital to a clinic or off-site pharmacy.

18 For purposes of this subsection:

19 a. "Hospice" means a facility which operates a
20 hospice program as defined in 42 C.F.R., ch. IV, §
21 418.3.

22 b. "Hospital" means a hospital licensed pursuant
23 to chapter 135B.

24 c. "Off-site pharmacy" means a pharmacy not
25 located within a hospital or in close proximity to a
26 hospital.

27 Sec. 2. Section 422.45, subsections 3 and 54, Code
28 1999, are amended to read as follows:

29 3. The gross receipts from sales of educational,
30 religious, or charitable activities, where the entire
31 proceeds from the sales are expended for educational,
32 religious, or charitable purposes, except the gross
33 receipts from games of skill, games of chance, raffles
34 and bingo games as defined in chapter 99B. This
35 exemption is disallowed on the amount of the gross
36 receipts only to the extent the gross receipts are not
37 expended for educational, religious, or charitable
38 purposes. This exemption is disallowed for the gross
39 receipts from transactions taxed under section 422.43,
40 subsection 14.

41 54. The gross receipts from the sale or rental of
42 tangible personal property or from services performed,
43 rendered, or furnished to a nonprofit hospital
44 licensed pursuant to chapter 135B to be used in the
45 operation of the hospital. This exemption is
46 disallowed for the gross receipts from transactions
47 taxed under section 422.43, subsection 14."

48 2. Title page, line 1, by inserting after the
49 word "hospices" the following: "and relating to sales
50 and services made to or by hospitals or hospices on

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Page 2

1 behalf of or to clinics and off-site pharmacies under
2 the sales and use taxes".

3 3. By renumbering as necessary.

By RICHARDSON of Warren

H-1102 FILED MARCH 17, 1999

Lost

4/19/99

(p. 1396)

SENATE FILE 231

Senate File 231, p. 2

AN ACT
PROVIDING A SALES AND USE TAX EXEMPTION FOR HOSPICES.

in 42 C.F.R., ch. IV, § 418.3, which property or services are
to be used in the hospice program.

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

Section 1. Section 422.45, Code 1999, is amended by adding
the following new subsection:

NEW SUBSECTION. 54A. The gross receipts from the sale or
rental of tangible personal property or from services
performed, rendered, or furnished to a freestanding nonprofit
hospice facility which operates a hospice program as defined

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and
is known as Senate File 231, Seventy-eighth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved April 26, 1999

THOMAS J. VILSACK
Governor

SF 231