

FILED MAR 20 2001

FILED MAR 20 2001

SENATE FILE 512
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 91)

Passed Senate, Date ^(P. 1219) 4-19-01 Passed House, Date _____
Vote: Ayes 37 Nays 9 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state sales and use taxes on admittance fees
2 for city or county swimming pools, providing limited refunds,
3 and including effective and retroactive applicability date
4 provisions.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

SF 512

1 Section 1. Section 422.45, subsection 20, Code 2001, is
2 amended to read as follows:

3 20. The gross receipts from sales or services rendered,
4 furnished, or performed by a county or city. This exemption
5 applies to admittance fees charged for using city or county
6 swimming pools. This exemption does not apply to the tax
7 specifically imposed under section 422.43 on the gross
8 receipts from the sales, furnishing, or service of gas,
9 electricity, water, heat, pay television service, and
10 communication service to the public by a municipal corporation
11 in its proprietary capacity; does not apply to the sales,
12 furnishing, or service of solid waste collection and disposal
13 service to nonresidential commercial operations; does not
14 apply to the sales, furnishing, or service of sewage service
15 for nonresidential commercial operations; and does not apply
16 to fees paid to cities and counties for the privilege of
17 participating in any athletic sports.

18 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties
19 which arise from claims resulting from the amendment of
20 section 422.45, subsection 20, in this Act, for fee charges
21 which occurred between January 1, 1996, and the effective date
22 of this Act, shall be limited to twenty-five thousand dollars
23 in the aggregate and shall not be allowed unless refund claims
24 are filed prior to October 1, 2001, notwithstanding any other
25 provision of law. If the amount of claims totals more than
26 twenty-five thousand dollars in the aggregate, the department
27 of revenue and finance shall prorate the twenty-five thousand
28 dollars among all claimants in relation to the amounts of the
29 claimants' valid claims.

30 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY
31 PROVISION. This Act, being deemed of immediate importance,
32 takes effect upon enactment and applies retroactively to
33 January 1, 1996.

34 EXPLANATION

35 Current law exempts from state sales and use taxes sales or

1 services rendered, furnished, or performed by a county or city
2 with specific exceptions to this exemption. This bill
3 specifies that the exemption applies to fees charged for the
4 admittance to county or city swimming pools. This amendment
5 applies retroactively to January 1, 1996. If as a result of
6 this retroactive effect refunds are claimed, the total amount
7 of refunds paid are not to exceed \$25,000. To claim a refund,
8 a person must file between the effective date of the bill and
9 October 1, 2001.

10 The bill takes effect upon enactment and applies
11 retroactively to January 1, 1996.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE - 512

S-3339

1 Amend Senate File 512 as follows:

2 1. Page 1, line 18, by striking the word

3 "Refunds" and inserting the following:

4 "a. Subject to paragraph "b", refunds".

5 2. Page 1, by inserting after line 29, the

6 following:

7 "b. The limitation on the amount of refunds of

8 taxes, interest, or penalties provided in paragraph

9 "a" shall not limit the claims for refunds pending on

10 the effective date of this Act before the department

11 of revenue and finance or the courts of this state.

12 Such refunds of taxes, interest, or penalties shall be

13 paid in full."

adopted 4/9/01 (p 1218)

By MARY A. LUNDBY

S-3339 FILED APRIL 11, 2001

**SENATE FILE 512
FISCAL NOTE**

A fiscal note for **Senate File 512** 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 512 exempts admittance fees charged at city and county swimming pools from the State sales tax and local option sales tax. The Bill applies retroactively to January 1, 1996. A refund provision for taxes paid in prior years is included. The refunds are limited to a total of \$25,000 across all local governments filing a refund claim.

BACKGROUND

Section 422.45(20), Code of Iowa, exempts sales by a county or city from sales tax. However, the same section specifies the exemption does not apply to fees paid for the privilege of participating in any athletic sports. Under this exclusion from the exemption, the Department of Revenue and Finance has determined fees paid for activities such as golf and swimming at city and county-owned facilities are subject to sales tax.

ASSUMPTIONS

1. Admittance fees to county and city swimming pools are subject to sales tax under current Iowa law.
2. A total of \$500,000 in State sales tax and \$90,000 in local option sales tax will be paid in FY 2002 and subsequent fiscal years from the taxation of local government swimming pool admittance fees.
3. If Senate File 512 is enacted, local governments that have remitted taxes since 1996 will apply and receive the total \$25,000 in available refunds.
4. The effective date of the change will be May 15, 2001, and local governments will cease remitting tax as of that date.

FISCAL IMPACT

Due to the immediate effective date provision, the Bill will impact 45 days of FY 2001, with an estimated decrease in General Fund revenues of \$100,000.

Fiscal Year 2002 General Fund revenues would decrease by \$525,000. The decrease includes:

1. \$500,000 due to not taxing sales for which local governments currently remit the tax.
2. \$25,000 due to the tax refund provision.

The fiscal impact on the State General Fund for FY 2003 and beyond is an estimated decrease in revenues of \$500,000 per year.

The fiscal impact on the local option sales tax receipts is projected to be

\$18,000 in FY 2001 and \$90,000 in FY 2002 and beyond.

SOURCE

Iowa Department of Revenue and Finance

(LFB 1232M, 070)

FILED APRIL 4, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 512

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 91)

(AS AMENDED AND PASSED BY THE SENATE APRIL 19, 2001)

----- - New Language by the Senate

Passed Senate, Date ^(A. 1219) 4-19-01 Passed House, Date _____
 Vote: Ayes 37 Nays 9 Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to state sales and use taxes on admittance fees
 2 for city or county swimming pools, providing limited refunds,
 3 and including effective and retroactive applicability date
 4 provisions.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

S.F. 512

1 Section 1. Section 422.45, subsection 20, Code 2001, is
2 amended to read as follows:

3 20. The gross receipts from sales or services rendered,
4 furnished, or performed by a county or city. This exemption
5 applies to admittance fees charged for using city or county
6 swimming pools. This exemption does not apply to the tax
7 specifically imposed under section 422.43 on the gross
8 receipts from the sales, furnishing, or service of gas,
9 electricity, water, heat, pay television service, and
10 communication service to the public by a municipal corporation
11 in its proprietary capacity; does not apply to the sales,
12 furnishing, or service of solid waste collection and disposal
13 service to nonresidential commercial operations; does not
14 apply to the sales, furnishing, or service of sewage service
15 for nonresidential commercial operations; and does not apply
16 to fees paid to cities and counties for the privilege of
17 participating in any athletic sports.

18 Sec. 2. REFUNDS.

19 a. Subject to paragraph "b", refunds of taxes, interest,
20 or penalties which arise from claims resulting from the
21 amendment of section 422.45, subsection 20, in this Act, for
22 fee charges which occurred between January 1, 1996, and the
23 effective date of this Act, shall be limited to twenty-five
24 thousand dollars in the aggregate and shall not be allowed
25 unless refund claims are filed prior to October 1, 2001,
26 notwithstanding any other provision of law. If the amount of
27 claims totals more than twenty-five thousand dollars in the
28 aggregate, the department of revenue and finance shall prorate
29 the twenty-five thousand dollars among all claimants in
30 relation to the amounts of the claimants' valid claims.

31 b. The limitation on the amount of refunds of taxes,
32 interest, or penalties provided in paragraph "a" shall not
33 limit the claims for refunds pending on the effective date of
34 this Act before the department of revenue and finance or the
35 courts of this state. Such refunds of taxes, interest, or

1 penalties shall be paid in full.

2 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY
3 PROVISION. This Act, being deemed of immediate importance,
4 takes effect upon enactment and applies retroactively to
5 January 1, 1996.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35