

CHAPTER 241  
EXCISE TAXES NOT GOVERNED BY THE STREAMLINED SALES AND  
USE TAX AGREEMENT

**701—241.1(423A,423D) Purpose of the chapter.** This chapter sets out the excise taxes the collection of which is governed in all aspects by the provisions of Iowa Code chapter 423 except that portion of the chapter which implements the streamlined sales and use tax agreement.

**701—241.2(423A,423D) Director's administration.** The director of revenue shall administer the excise taxes set out in this chapter as nearly as possible in conjunction with the administration of the state sales and use tax law, except that portion of the law which implements the streamlined sales and use tax agreement. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting the sale and use of excise tax liability. All moneys received shall be deposited in or all refunds shall be withdrawn from the general fund of the state. The director may require all persons who are engaged in the business of deriving any sales price or purchase price subject to tax under this chapter to register with the department. The director may also require a tax permit applicable only to taxes imposed under this chapter for any retailer not collecting, or any user not paying, taxes under Iowa Code chapter 423.

Iowa Code section 422.25, subsection 4; sections 422.30, 422.67, and 422.68; section 422.69, subsection 1; sections 422.70, 422.71, 422.72, 422.74, and 422.75; section 423.14, subsection 1; and sections 423.23, 423.24, 423.25, 423.31 to 423.35, 423.37 to 423.42, and 423.47, consistent with the provisions of this chapter, apply with respect to the excise taxes authorized under this chapter, in the same manner and with the same effect as if those excise taxes were retail sales taxes within the meaning of those statutes. Notwithstanding this paragraph, the director shall provide for quarterly filing of returns and for other than quarterly filing of returns both as prescribed in Iowa Code section 423.31. All taxes collected under this chapter by a retailer or any user are deemed to be held in trust for the state of Iowa.

DIVISION I  
STATE-IMPOSED HOTEL AND MOTEL TAX

**701—241.3(423A) Definitions.** For the purposes of this division, unless the context otherwise requires:

*“Department”* means the department of revenue.

*“Lessor”* means any person engaged in the business of renting lodging to users.

*“Lodging”* means rooms, apartments, or sleeping quarters in a hotel, motel, inn, public lodging house, rooming house, or manufactured or mobile home that is tangible personal property, or in a tourist court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals. The word “lodging” does not refer to the rental of rooms for purposes other than sleeping or resting, including but not limited to rental of rooms for meetings, conferences, weddings, or banquets.

*“Person”* means the same as the term is defined in rule 701—211.1(423).

*“Renting”* or *“rent”* means a transfer of possession or control of lodging for a fixed or indeterminate term for consideration and includes any kind of direct or indirect charge for such lodging or its use.

*“Sales price”* means the amount of consideration for renting of lodging and means the same as the term is defined in rule 701—211.1(423).

*“User”* means a person to whom lodging is rented.

For the purposes of this division, all other words and phrases used in this chapter and defined in rule 701—211.1(423) have the meaning set forth in that rule.

[ARC 9434B, IAB 3/23/11, effective 4/27/11]

**701—241.4(423A) Imposition of tax.** A tax of 5 percent is imposed upon the sales price for the rental of any lodging if the rental occurs in this state. The tax shall be collected by any lessor of lodging from the user of that lodging. The lessor shall add the tax to the sales price of the lodging, and the state-imposed tax, when collected, shall be stated as a distinct item, separate and apart from the sales price of the

lodging and the local tax imposed, if any, under Iowa Code section 423A.4. The rental of a mobile or manufactured home that is tangible personal property is treated as the rental of lodging.  
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**701—241.5(423A) Exemptions.** The tax described in this division shall not apply:

**241.5(1)** To lodging furnished to a person if that person contracts to rent any rooms or facility for more than 31 consecutive days. The renter must contract to rent for a single period of more than 31 consecutive days. The renter may not accumulate these days by contracting for two or more rental transactions. The incremental manner in which customers are billed by the hotel, motel, inn, public lodging house, rooming or tourist court, or any place where sleeping accommodations are furnished to transient guests does not influence the accumulation of days that is required to claim the exemption.

**241.5(2)** To sleeping rooms rented in dormitories and in memorial unions at all universities and colleges located in the state.

**241.5(3)** To contracts made directly with the federal government.

**241.5(4)** To lodging rented to the guest of a religious institution located on real property exempt from tax as the property of a religious institution, if the reason for renting the room is to provide a place for a religious retreat or function and not a place for transient guests generally.

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This division is intended to implement Iowa Code chapter 423A.

DIVISION II  
EXCISE TAX ON SPECIFIC CONSTRUCTION MACHINERY AND EQUIPMENT

**701—241.6(423D) Definitions.** For the purposes of this division, unless the context otherwise requires:  
“*Construction*” means new construction, reconstruction, alterations, expansion, or remodeling of real property or structures.

“*Contractor*” includes contractors, subcontractors, and builders, but not owners.

“*Department*” means the department of revenue.

“*Equipment*” means self-propelled building equipment, pile drivers, and motorized scaffolding, including auxiliary attachments which improve the performance, safety, operation, or efficiency of the equipment, and replacement parts and are directly and primarily used by contractors, subcontractors, and builders for new construction, reconstruction, alterations, expansion, or remodeling of real property or structures.

“*Sales price*” or “*purchase price*” means the same as these terms are defined in rule 701—211.1(423).

For the purposes of this division, all other words and phrases used in this division and defined in rule 701—211.1(423) have the meaning set forth in that rule.

**701—241.7(423D) Tax imposed.** A tax of 5 percent is imposed on the sales price or purchase price of all equipment sold or used in the state of Iowa. This tax shall be collected and paid over to the department by any retailer, retailer maintaining a place of business in this state, or user who would be responsible for collection and payment of the tax if it were a sales or use tax imposed under Iowa Code chapter 423.

**701—241.8(423D) Exemption.** The sales price on the lease or rental of equipment to contractors for direct and primary use in construction is exempt from the tax imposed by this chapter.

This division is intended to implement 2005 Iowa Code Supplement chapter 423D.

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