

**701—16.20(422,423) Municipal utilities, investor-owned utilities, or municipal or rural electrification cooperatives or associations.** Municipal utilities, investor-owned utilities, or municipal or rural electrification cooperatives or associations shall be required to collect and remit tax from the sale of electric energy to consumers. Such municipal utilities, investor-owned utilities, or municipal or rural electrification cooperatives or associations may execute resale exemption certificates to the companies from whom they purchase electric energy and may obtain resale exemption certificates from consumers to whom they sell electric energy for processing or resale.

Municipal utilities, investor-owned utilities, or municipal or rural electrification cooperatives or associations shall be required to collect and remit tax on all sales of tangible personal property to users and consumers and pay tax on the purchase of all tangible personal property which they do not resell, except as provided herein. They need not pay tax on electricity which they generate and subsequently use and consume in the operation of their facilities. *Iowa Public Service Company v. Iowa State Department of Revenue*, D.Ct. of Woodbury Cty., Iowa, No. 90018C Law (1984). Tax shall not apply to electricity consumed in processing tangible personal property intended to be sold ultimately at retail.

Electricity loss through line loss or electricity provided to municipalities or other governmental units which derive disburseable funds from appropriations or allotments of funds raised by the levying and collection of taxes and used for public purpose shall not be subject to tax.

This rule is intended to implement Iowa Code sections 422.42(5), 422.43, and 423.1.