

CHAPTER 423G

WATER SERVICE TAX

Referred to in [§421.71](#)

Future repeal of chapter, see [§423G.7](#)

423G.1	Short title.	423G.5	Administration by director.
423G.2	Definitions.	423G.6	Deposit of revenues.
423G.3	Water service tax.	423G.7	Future repeal.
423G.4	Exemptions.		

423G.1 Short title.

[This chapter](#) may be cited as the “*Water Service Tax Act*”.
[2018 Acts, ch 1001, §11, 27](#)

423G.2 Definitions.

1. All words and phrases used in [this chapter](#) and defined in [section 423.1](#) have the same meaning given them by [section 423.1](#) for purposes of [this chapter](#).

2. As used in [this chapter](#), “*water service*” and “*water utility*” mean the same as defined in [section 423.3, subsection 103](#).
[2018 Acts, ch 1001, §12, 27](#)

423G.3 Water service tax.

An excise tax at the rate of six percent is imposed on the sales price from the sale or furnishing by a water utility of a water service in the state to consumers or users.

[2018 Acts, ch 1001, §13, 27](#)

423G.4 Exemptions.

The sales price from transactions exempt from state sales tax under [section 423.3](#), except [section 423.3, subsection 103](#), is also exempt from the tax imposed by [this chapter](#).

[2018 Acts, ch 1001, §14, 27](#)

423G.5 Administration by director.

1. The director of revenue shall administer the water service tax as nearly as possible in conjunction with the administration of the state sales and use tax law, except that portion of the law that implements the streamlined sales and use tax agreement. The director shall provide appropriate forms, or provide on the regular state tax forms, for reporting water service tax liability, and for ease of administration may require water service tax liability to be identified, reported, and remitted to the department as sales and use tax liability, provided the department has the ability to properly identify such amounts as water service tax revenues upon receipt.

2. 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 [this chapter](#) for any retailer not collecting, or any user not paying, taxes under [chapter 423](#).

3. [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 through 423.35, 423.37 through 423.42, and 423.47](#), consistent with the provisions of [this chapter](#), shall apply with respect to the tax authorized under [this chapter](#), in the same manner and with the same effect as if the excise taxes on the sale or furnishing of a water service were retail sales taxes within the meaning of those statutes. Notwithstanding [this subsection](#), the director shall provide for monthly filing of returns and for other than monthly filing of returns both as prescribed in [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.

[2018 Acts, ch 1001, §15, 27; 2018 Acts, ch 1161, §25; 2022 Acts, ch 1138, §32](#)

423G.6 Deposit of revenues.

1. All moneys received and all refunds shall be deposited in or withdrawn from the general fund of the state.

2. Subsequent to the deposit in the general fund of the state, the department shall transfer the following amounts to the following funds:

a. For revenues reported on or after July 1, 2018, but before August 1, 2019, one-twelfth of the revenues to the water quality infrastructure fund created in [section 8.57B](#), and one-twelfth of the revenues to the water quality financial assistance fund created in [section 16.134A](#).

b. For revenues reported on or after August 1, 2019, but before August 1, 2020, one-sixth of the revenues to the water quality infrastructure fund created in [section 8.57B](#), and one-sixth of the revenues to the water quality financial assistance fund created in [section 16.134A](#).

c. For revenues reported on or after August 1, 2020, one-half of the revenues to the water quality financial assistance fund created in [section 16.134A](#).

[2018 Acts, ch 1001, §16, 27; 2018 Acts, ch 1161, §26](#)

Referred to in [§8.57B, 16.134A](#)

423G.7 Future repeal.

[This chapter](#) is repealed upon the occurrence of one of the following, whichever is earlier:

1. The enactment date that the tax rate for the sales tax imposed upon the retail sales price of tangible personal property and the furnishing of enumerated services sold in this state in effect on July 1, 2016, is increased.

2. July 1, 2039.

[2018 Acts, ch 1001, §17, 27; 2021 Acts, ch 143, §38](#)