

# House File 856 - Enrolled

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HOUSE FILE 856

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## AN ACT

PROVIDING A SALES AND USE TAX EXEMPTION FOR CERTAIN NONPROFIT ORGANIZATIONS THAT BUILD OR REPAIR LOW-INCOME DWELLINGS.

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

Section 1. Section 423.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 85. The sales price from the sale of building materials, supplies, goods, wares, or merchandise sold to a nonprofit Iowa affiliate of a nonprofit international organization whose primary activity is the promotion of the construction, remodeling, or rehabilitation of one-family or two-family dwellings for use by low-income families and where the building materials, supplies, goods, wares, or merchandise are used in the construction, remodeling, or rehabilitation of such dwellings.

Sec. 2. Section 423.4, subsection 1, Code 2005, is amended to read as follows:

1. A private nonprofit educational institution in this state, nonprofit Iowa affiliate of a nonprofit international organization whose primary activity is the promotion of the construction, remodeling, or rehabilitation of one-family or two-family dwellings for low-income families, nonprofit private museum in this state, tax-certifying or tax-levying body or governmental subdivision of the state, including the state board of regents, state department of human services, state department of transportation, a municipally owned solid waste facility which sells all or part of its processed waste as fuel to a municipally owned public utility, and all divisions, boards, commissions, agencies, or instrumentalities of state, federal, county, or municipal government which do not have earnings going to the benefit of an equity investor or stockholder, may make application to the department for the refund of the sales or use tax upon the sales price of all sales of goods, wares, or merchandise, or from services furnished to a contractor, used in the fulfillment of a written contract with the state of Iowa, any political subdivision of the state, or a division, board, commission, agency, or instrumentality of the state or a political subdivision, a private nonprofit educational institution in this state, a nonprofit Iowa affiliate described in this subsection, or a nonprofit private museum in this state if the property becomes an integral part of the project under contract and at the completion of the project becomes public property, is devoted to educational uses, becomes part of a low-income one-family or two-family dwelling in the state, or becomes a nonprofit private museum; except goods, wares, or merchandise, or services furnished which are used in the performance of any contract in connection with the operation of any municipal utility engaged in selling gas, electricity, or heat to the general public or in connection with the operation of a municipal pay television system; and except goods, wares, and merchandise used in the performance of a contract for a "project" under chapter 419 as defined in that chapter other than goods, wares, or merchandise used in the performance of a contract for a "project" under chapter 419 for which a bond issue was approved by a municipality prior to July 1, 1968, or for which the goods, wares, or merchandise becomes an integral part of the project under contract and at the completion of the project becomes public property or is devoted to educational uses.

a. Such contractor shall state under oath, on forms provided by the department, the amount of such sales of goods, wares, or merchandise, or services furnished and used in the performance of such contract, and upon which sales or use tax has been paid, and shall file such forms with the governmental unit, private nonprofit educational institution, nonprofit Iowa affiliate, or nonprofit private museum which has made any written contract for performance by the contractor. The forms shall be filed by the contractor with the governmental unit, educational institution, nonprofit Iowa affiliate, or nonprofit private museum before final settlement is made.

3 6 b. Such governmental unit, educational institution,  
3 7 nonprofit Iowa affiliate, or nonprofit private museum shall,  
3 8 not more than one year after the final settlement has been  
3 9 made, make application to the department for any refund of the  
3 10 amount of the sales or use tax which shall have been paid upon  
3 11 any goods, wares, or merchandise, or services furnished, the  
3 12 application to be made in the manner and upon forms to be  
3 13 provided by the department, and the department shall forthwith  
3 14 audit the claim and, if approved, issue a warrant to the  
3 15 governmental unit, educational institution, nonprofit Iowa  
3 16 affiliate, or nonprofit private museum in the amount of the  
3 17 sales or use tax which has been paid to the state of Iowa  
3 18 under the contract.

3 19 Refunds authorized under this subsection shall accrue  
3 20 interest at the rate in effect under section 421.7 from the  
3 21 first day of the second calendar month following the date the  
3 22 refund claim is received by the department.

3 23 c. Any contractor who willfully makes a false report of  
3 24 tax paid under the provisions of this subsection is guilty of  
3 25 a simple misdemeanor and in addition shall be liable for the  
3 26 payment of the tax and any applicable penalty and interest.  
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3 31 CHRISTOPHER C. RANTS  
3 32 Speaker of the House  
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3 36 JOHN P. KIBBIE  
3 37 President of the Senate

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4 3 I hereby certify that this bill originated in the House and  
4 4 is known as House File 856, Eighty-first General Assembly.  
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4 9 MARGARET THOMSON  
4 10 Chief Clerk of the House

4 11 Approved \_\_\_\_\_, 2005  
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4 13 \_\_\_\_\_  
4 14 THOMAS J. VILSACK  
4 15 Governor