



THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

February 17, 2006

The Honorable Chester Culver
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

House File 864, an Act providing an exemption from and a refund of sales and use taxes on materials and services used in the construction of a building or addition to a building to be used as a collaborative educational facility and including effective and applicability date provisions.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Vilsack".

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House





HOUSE FILE 864

AN ACT

PROVIDING AN EXEMPTION FROM AND A REFUND OF SALES AND USE TAXES ON MATERIALS AND SERVICES USED IN THE CONSTRUCTION OF A BUILDING OR ADDITION TO A BUILDING TO BE USED AS A COLLABORATIVE EDUCATIONAL FACILITY AND INCLUDING EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 423.3, subsection 80, paragraph a, Code 2005, is amended to read as follows:

a. For purposes of this subsection, "designated exempt entity" means an entity which is designated in section 423.4, subsection 1 or 4.

Sec. 2. Section 423.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 85. a. The sales price of all goods, wares, or merchandise sold, or of services furnished, which are used in the fulfillment of a written construction contract for the original construction of a building or structure to be used as a collaborative educational facility.

b. The sales price of all goods, wares, or merchandise sold, or of services furnished, which are used in the fulfillment of a written construction contract for the construction of additions or modifications to a building or structure used as part of a collaborative educational facility.

c. To receive the exemption provided in paragraph "a" or "b", a collaborative educational facility must meet all of the following criteria:

(1) The contract for construction of the building or structure is entered into on or after April 1, 2003.

(2) The building or structure is located within the corporate limits of a city in the state with a population in excess of one hundred ninety-five thousand residents.

(3) The sole purpose of the building or structure is to provide facilities for a collaborative of public and private educational institutions that provide education to students.

(4) The owner of the building or structure is a nonprofit corporation governed by chapter 504 or 504A which is exempt from federal income tax pursuant to section 501(a) of the Internal Revenue Code.

References to "building" or "structure" in subparagraphs (1) through (4) include any additions or modifications to the building or structure.

Sec. 3. Section 423.4, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. The owner of a collaborative educational facility in this state 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 construction contract with the owner of the collaborative educational facility for the original construction, or additions or modifications to, a building or structure to be used as part of the collaborative educational facility.

To receive the refund under this subsection, a collaborative educational facility must meet all of the following criteria:

(1) The contract for construction of the building or structure is entered into on or after April 1, 2003.

(2) The building or structure is located within the corporate limits of a city in the state with a population in excess of one hundred ninety-five thousand residents.

(3) The sole purpose of the building or structure is to provide facilities for a collaborative of public and private educational institutions that provide education to students.

(4) The owner of the building or structure is a nonprofit corporation governed by chapter 504 or 504A which is exempt

from federal income tax pursuant to section 501(a) of the Internal Revenue Code.

References to "building" or "structure" in subparagraphs (1) through (4) include any additions or modifications to the building or structure.

b. 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 owner of the collaborative educational facility which has made any written contract for performance by the contractor.

c. The owner of the collaborative educational facility shall, not more than one year after the final settlement has been made, make application to the department for any refund of the amount of the sales or use tax which shall have been paid upon any goods, wares, or merchandise, or services furnished, the application to be made in the manner and upon forms to be provided by the department, and the department shall forthwith audit the claim and, if approved, issue a warrant to the owner of the collaborative educational facility in the amount of the sales or use tax which has been paid to the state of Iowa under the contract.

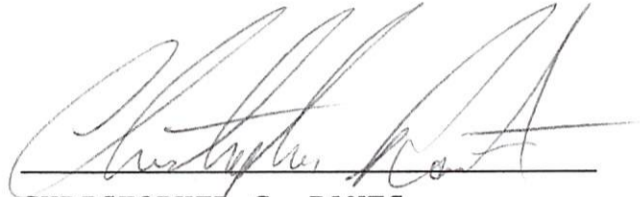
Refunds authorized under this subsection shall accrue interest at the rate in effect under section 421.7 from the first day of the second calendar month following the date the refund claim is received by the department.

d. Any contractor who willfully makes a false report of tax paid under the provisions of this subsection is guilty of a simple misdemeanor and in addition shall be liable for the payment of the tax and any applicable penalty and interest.

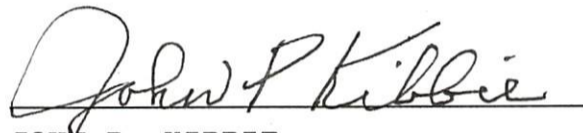
Sec. 4. REFUNDS. Refunds of taxes, interest, or penalties which arise from claims resulting from the enactment of section 423.3, subsection 85, paragraph "a", in section 2 of this Act for the exemption of the sales of goods, wares, and merchandise, and the furnishing of services used in the fulfillment of a written construction contract for the original construction of a building or structure to be used as a collaborative educational facility occurring between April 1, 2003, and June 30, 2005, shall not be allowed unless refund

claims are filed by June 30, 2006, notwithstanding any other provision of law.

Sec. 5. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
Section 2 of this Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to April 1, 2003.



CHRISTOPHER C. RANTS
Speaker of the House



JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 864, Eighty-first General Assembly.



MARGARET THOMSON
Chief Clerk of the House

Approved Feb. 17, 2006



THOMAS J. VILSACK
Governor