

House File 2233 - Enrolled

PAG LIN

HOUSE FILE 2233

AN ACT

RELATING TO PROVIDING SALES, USE, AND PROPERTY TAX EXEMPTIONS
FOR CERTAIN WEB SEARCH PORTAL BUSINESSES.

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

Section 1. Section 423.3, Code Supplement 2007, is amended
by adding the following new subsection:

NEW SUBSECTION. 93. a. (1) The sales price from the
sale or rental of computers and equipment that are necessary
for the maintenance and operation of a web search portal
business and property whether directly or indirectly connected
to the computers, including but not limited to cooling
systems, cooling towers, and other temperature control
infrastructure; power infrastructure for transformation,
distribution, or management of electricity used for the
maintenance and operation of the web search portal business,
including but not limited to exterior dedicated business-owned
substations, back-up power generation systems, battery
systems, and related infrastructure; and racking systems,
cabling, and trays, which are necessary for the maintenance
and operation of the web search portal business.

(2) The sales price of back-up power generation fuel, that
is purchased by a web search portal business for use in the
items listed in subparagraph (1).

(3) The sales price of electricity purchased for use by a
web search portal business.

b. For the purpose of claiming this exemption, all of the
following requirements shall be met:

(1) The purchaser or renter shall be a web search portal
business.

(2) The web search portal business shall have a physical
location in the state that is used for the operations and
maintenance of the web search portal business.

(3) The web search portal business shall make a minimum
investment in an Iowa physical location of two hundred million
dollars within the first six years of operation in Iowa
beginning with the date the web search portal business
initiates site preparation activities. The minimum investment
includes the initial investment, including land and subsequent
acquisition of additional adjacent land and subsequent
investment at the Iowa location.

(4) The web search portal business shall purchase, option,
or lease Iowa land not later than December 31, 2008, for any
initial investment. However, the December 31, 2008, date
shall not affect the future purchases of adjacent land and
additional investment in the initial or adjacent land to
qualify as part of the minimum investment for purposes of this
exemption.

c. This exemption applies from the date of the initial
investment in or the initiation of site preparation activities
for the web search portal facility as described in paragraph
"b". For purposes of claiming this exemption, the
requirements may be met by aggregating the various Iowa
investments and other requirements of the web search portal
business's affiliates. This exemption applies to affiliates
of the web search portal business.

d. Failure to meet eighty percent of the minimum
investment amount requirement specified in paragraph "b"
within the first six years of operation from the date the web
search portal business initiates site preparation activities
will result in the web search portal business losing the right
to claim this web search portal business exemption and the web
search portal business shall pay all sales or use tax that
would have been due on the purchase or rental or use of the
items listed in this exemption, plus any applicable penalty
and interest imposed by statute.

e. For purposes of this subsection:

(1) "Affiliate" means an entity that directly or
indirectly controls, is controlled with or by, or is under
common control with another entity.

3 4 (2) "Control" means any of the following:
3 5 (a) In the case of a United States corporation, the
3 6 ownership, directly or indirectly, of fifty percent or more of
3 7 the voting power to elect directors.

3 8 (b) In the case of a foreign corporation, if the voting
3 9 power to elect the directors is less than fifty percent, the
3 10 maximum amount allowed by applicable law.

3 11 (c) In the case of an entity other than a corporation,
3 12 fifty percent or more ownership interest in the entity, or the
3 13 power to direct the management of the entity.

3 14 (3) "Web search portal business" means an entity whose
3 15 business among other businesses is to provide a search portal
3 16 to organize information; to access, search, and navigate the
3 17 internet, including research and development to support
3 18 capabilities to organize information; or to provide internet
3 19 access, navigation, or search functionalities.

3 20 Sec. 2. Section 427.1, Code Supplement 2007, is amended by
3 21 adding the following new subsection:

3 22 NEW SUBSECTION. 36. WEB SEARCH PROPERTY.

3 23 a. Property, other than land and buildings and other
3 24 improvements, that is utilized by a web search portal business
3 25 as defined in and meeting the requirements of section 423.3,
3 26 subsection 93, including computers and equipment that are
3 27 necessary for the maintenance and operation of a web search
3 28 portal business and other property whether directly or
3 29 indirectly connected to the computers, including but not
3 30 limited to cooling systems, cooling towers, and other
3 31 temperature control infrastructure; power infrastructure for
3 32 transformation, distribution, or management of electricity,
3 33 including but not limited to exterior dedicated business-owned
3 34 substations, and power distribution systems which are not
3 35 subject to assessment under chapter 437A; racking systems,
4 1 cabling, and trays; and back-up power generation systems,
4 2 battery systems, and related infrastructure all of which are
4 3 necessary for the maintenance and operation of the web search
4 4 portal business.

4 5 b. This web search portal business exemption applies
4 6 beginning with the assessment year the investment in or
4 7 construction of the facility utilizing the materials,
4 8 equipment, and systems set forth in paragraph "a" are first
4 9 assessed. For purposes of claiming this web search portal
4 10 business exemption, the requirements may be met by aggregating
4 11 the various Iowa investments and other requirements of the web
4 12 search portal business's affiliates as allowed under section
4 13 423.3, subsection 93. This exemption applies to affiliates of
4 14 the web search portal business.

4 15 Sec. 3. IMPLEMENTATION. Section 25B.7 does not apply to
4 16 the property tax exemption enacted in this Act.

4 17
4 18
4 19
4 20
4 21
4 22
4 23
4 24
4 25
4 26
4 27

PATRICK J. MURPHY
Speaker of the House

JOHN P. KIBBIE
President of the Senate

4 28 I hereby certify that this bill originated in the House and
4 29 is known as House File 2233, Eighty-second General Assembly.

4 30
4 31
4 32
4 33
4 34
4 35

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2008

5 1
5 2
5 3
5 4
5 5

CHESTER J. CULVER
Governor