

Reprinted 5/6/83

Ways and Means: Holveck, Chair; Bennett and Chiodo.

Do pass per 5919 4/28/83
JAN 20 1983

HOUSE FILE 69

House File 69

BY CHAPMAN
(Wells)

Finance: Doderer, Chair; Branstad and Halvorson of Webster.

Do Pass 5/2/83

Passed House, Date 5-5-83 (p. 1801) Passed Senate, Date _____
Vote: Ayes 95 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the refund of state sales, services, and
2 use tax paid by contractors upon goods, wares, or merchandise
3 or from services rendered, furnished, or performed to a
4 contractor used in the performance of a contract for the
5 state, a political subdivision, or an instrumentality of
6 the state or a political subdivision, and making the bill
7 retroactive.

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

9

HOUSE FILE 69

H-3919

1 Amend House File 69 as follows:

2 1. Page 2, line 6, by striking the word and figures
3 "January 1, 1983" and inserting in lieu thereof the
4 words and figures "November 1, 1982 for the sales,
5 services, or use tax paid upon the gross receipts
6 of the sales of goods, wares, or merchandise, occurring
7 on or after November 1, 1982".

H-3919 FILED APRIL 28, 1983

BY COMMITTEE ON WAYS AND MEANS

Adopted 5/5/83 (p. 1801)

20
21
22
23
24
25

HF

1 Section 1. Section 422.45, subsection 7, unnumbered
2 paragraph 1, Code 1983, is amended to read as follows:
3 Any A private nonprofit educational institution in this
4 state or any a tax-certifying or tax-levying body ~~of-the-state~~
5 ~~of-Iowa~~ or governmental subdivision ~~thereof~~ of the state,
6 including the state board of regents, state department of
7 social services, state department of transportation, any a
8 municipally owned solid waste facility which sells all or
9 part of its processed waste as fuel to a municipally owned
10 public utility, and all divisions, boards, commissions,
11 agencies or instrumentalities of state, federal, county or
12 municipal government which do not have ~~no~~ earnings going to
13 the benefit of an equity investor or stockholder may make
14 application to the department for the refund of any the sales,
15 services, or use tax upon the gross receipts of all sales
16 of goods, wares or merchandise, or from services rendered,
17 furnished, or performed, to any a contractor, used in the
18 fulfillment of any a written contract with the state of Iowa,
19 any political subdivision ~~thereof~~ of the state, or any a
20 division, board, commission, agency or instrumentality ~~thereof~~
21 of the state or a political subdivision, or any a private
22 nonprofit educational institution in this state ~~which~~, if
23 the property becomes an integral part of the project under
24 contract and at the completion ~~thereof~~ of the project becomes
25 public property, or is devoted to educational uses ~~as-specified~~
26 ~~in-this-subsection~~; except goods, wares or merchandise or-
27 services rendered, furnished, or performed used in the
28 performance of any contract in connection with the operation
29 of any municipal utility engaged in selling gas, electricity,
30 or heat to the general public; and ~~excepting-such~~ except
31 goods, wares, and merchandise used in the performance of any
32 a contract for a "project" under chapter 419 as defined ~~therein~~
33 in that chapter other than goods, wares or merchandise used
34 in the performance of any a contract for any a "project" under
35 ~~said~~ chapter 419 for which a bond issue was or will have been

1 approved by a municipality prior to July 1, 1968, or for which
2 the goods, wares, or merchandise becomes an integral part
3 of the project under contract and at the completion of the
4 project becomes public property or is devoted to educational
5 uses.

6 Sec. 2. This Act is retroactive to January 1, 1983.

7 EXPLANATION

8 The bill provides that a private nonprofit educational
9 institution or a tax-certifying or tax-levying body of the
10 state or an instrumentality of it may receive a refund of
11 sales, services, and use taxes paid by a contractor for the
12 purchase of goods used by the contractor in completing a
13 project for which industrial revenue bonds were issued under
14 chapter 419 provided that the goods become an integral part
15 of the project and the project when completed becomes public
16 property or is devoted to educational uses. Present law only
17 allows the refund of the taxes paid on the purchase of goods
18 becoming an integral part of a project under chapter 419 if
19 the bonds were issued or approved for issue prior to July
20 1, 1968. The bill is retroactive to January 1, 1983.

21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 69

FISCAL NOTE

REQUESTED BY REPRESENTATIVE DODERER

In compliance with a written request received April 28, 1983, there is hereby submitted a Fiscal Note for House File 69, as amended by H-3919, pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

House File 69, as amended by H-3919, provides that a private nonprofit educational institution or tax-certifying or tax-levying body of the state or an instrumentality of it may receive a refund of the sales, services, and use taxes paid by a contractor for the purchase of goods used by the contractor in completing a project for which industrial revenue bonds were issued under Chapter 419 provided that the goods became an integral part of the project and the project when completed becomes public property or is devoted to educational uses. Present law only allows the refund of the taxes paid on the purchase of goods becoming an integral part of a project under Chapter 419 if the bonds were issued or approved prior to 1968. The bill is retroactive for sales and use taxes paid on or after November 1, 1982.

FISCAL IMPACT: The bill as amended by the House Ways and Means Committee would cause an unknown decline in sales tax receipts for fiscal years 1983 and beyond. Although specific data listing the numbers of public facilities financed by way of Chapter 419 bonds are unavailable, it is felt that such projects are not common as it is more prevalent to use the Chapter 419 bonding mechanism for private, corporate and industrial development. It is possible that allowing refunds for tax on materials used for the construction of public facilities financed by Chapter 419 bonds could encourage such financing, thereby increasing the future fiscal impact.

(0376H, 83-106, CMG)

Source: Dept. of Revenue

FILED APRIL 29, 1983

BY DENNIS C. PROUTY, FISCAL DIRECTOR

See House & Measure 5/6/83 Do Pass 5/12 (p. 1705)

HOUSE FILE 69

BY CHAPMAN
(Wells)

(As Amended and Passed by the House)

Passed House, Date 5-5-83 (p. 1801) Passed Senate, Date 5-12-83 (p. 1706)

Vote: Ayes 95 Nays 0 Vote: Ayes 36 Nays 9

Approved May 31, 1985

A BILL FOR

1 An Act relating to the refund of state sales, services, and
2 use tax paid by contractors upon goods, wares, or merchandise
3 or from services rendered, furnished, or performed to a
4 contractor used in the performance of a contract for the
5 state, a political subdivision, or an instrumentality of
6 the state or a political subdivision, and making the bill
7 retroactive.

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

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

House Amendments _____

1 Section 1. Section 422.45, subsection 7, unnumbered
2 paragraph 1, Code 1983, is amended to read as follows:
3 Any A private nonprofit educational institution in this
4 state or any a tax-certifying or tax-levying body ~~of-the-state~~
5 ~~of-Iowa~~ or governmental subdivision thereof of the state,
6 including the state board of regents, state department of
7 social services, state department of transportation, any a
8 municipally owned solid waste facility which sells all or
9 part of its processed waste as fuel to a municipally owned
10 public utility, and all divisions, boards, commissions,
11 agencies or instrumentalities of state, federal, county or
12 municipal government which do not have ~~no~~ earnings going to
13 the benefit of an equity investor or stockholder may make
14 application to the department for the refund of any the sales,
15 services, or use tax upon the gross receipts of all sales
16 of goods, wares or merchandise, or from services rendered,
17 furnished, or performed, to any a contractor, used in the
18 fulfillment of any a written contract with the state of Iowa,
19 any political subdivision thereof of the state, or any a
20 division, board, commission, agency or instrumentality thereof
21 of the state or a political subdivision, or any a private
22 nonprofit educational institution in this state which, if
23 the property becomes an integral part of the project under
24 contract and at the completion thereof of the project becomes
25 public property, or is devoted to educational uses ~~as-specified~~
26 ~~in-this-subsection;~~ except goods, wares or merchandise or
27 services rendered, furnished, or performed used in the
28 performance of any contract in connection with the operation
29 of any municipal utility engaged in selling gas, electricity,
30 or heat to the general public; and ~~excepting-such~~ except
31 goods, wares, and merchandise used in the performance of any
32 a contract for a "project" under chapter 419 as defined therein
33 in that chapter other than goods, wares or merchandise used
34 in the performance of any a contract for any a "project" under
35 said chapter 419 for which a bond issue was or will have been

1 approved by a municipality prior to July 1, 1968, or for which
2 the goods, wares, or merchandise becomes an integral part
3 of the project under contract and at the completion of the
4 project becomes public property or is devoted to educational
5 uses.

6 Sec. 2. This Act is retroactive to November 1, 1982 for
7 the sales, services, or use tax paid upon the gross receipts
8 of the sales of goods, wares, or merchandise, occurring on
9 or after November 1, 1982.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 69

AN ACT

RELATING TO THE REFUND OF STATE SALES, SERVICES, AND USE TAX PAID BY CONTRACTORS UPON GOODS, WARES, OR MERCHANDISE OR FROM SERVICES RENDERED, FURNISHED, OR PERFORMED TO A CONTRACTOR USED IN THE PERFORMANCE OF A CONTRACT FOR THE STATE, A POLITICAL SUBDIVISION, OR AN INSTRUMENTALITY OF THE STATE OR A POLITICAL SUBDIVISION, AND MAKING THE BILL RETROACTIVE.

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

Section 1. Section 422.45, subsection 7, unnumbered paragraph 1, Code 1983, is amended to read as follows:

Any a private nonprofit educational institution in this state or any a tax-certifying or tax-levying body ~~of the state of Iowa~~ or governmental subdivision thereof of the state, including the state board of regents, state department of social services, state department of transportation, any 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 ~~no~~ earnings going to the benefit of an equity investor or stockholder may make application to the department for the refund of any the sales, services, or use tax upon the gross receipts of all sales of goods, wares or merchandise, or from services rendered, furnished, or performed, to any a contractor, used in the fulfillment of any a written contract with the state of Iowa, any political subdivision thereof of the state, or any a division, board, commission, agency or instrumentality thereof of the state or a political subdivision, or any a private nonprofit educational institution in this state which, if the property becomes an integral part of the project under contract and at the completion thereof of the project becomes public property, or is devoted to educational uses ~~as specified in this subsection~~; except goods, wares or merchandise or services rendered, furnished, or performed 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; and ~~excepting such~~ except goods, wares, and merchandise used in the performance of any a contract for a "project" under chapter 419 as defined therein in that chapter other than goods, wares or merchandise used in the performance of any a contract for any a "project" under said chapter 419 for which a bond issue was or will have been 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.

Sec. 2. This Act is retroactive to November 1, 1982 for the sales, services, or use tax paid upon the gross receipts of the sales of goods, wares, or merchandise, occurring on or after November 1, 1982.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 69, Seventieth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 31, 1983

TERRY E. BRANSTAD
Governor