

Sen. Ways & Means 3/25 L. Sen. 3/28 (p. 949)

MAR 14 1991

HOUSE FILE **487**

WAYS & MEANS DIVISION

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 204)

Passed House, Date 3/20/91 (p. 749) Passed Senate, Date 4/17/91 (p. 1317)

Vote: Ayes 73 Nays 24 Vote: Ayes 29 Nays 21

Approved April 30, 1991 (p. 1939)

A BILL FOR

1 An Act relating to the imposition of the state sales, services,
2 and use tax on pay television service provided by a
3 municipality.

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

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1 Section 1. Section 422.43, subsection 1, Code 1991, is
2 amended to read as follows:

3 1. There is imposed a tax of four percent upon the gross
4 receipts from all sales of tangible personal property,
5 consisting of goods, wares, or merchandise, except as
6 otherwise provided in this division, sold at retail in the
7 state to consumers or users; a like rate of tax upon the gross
8 receipts from the sales, furnishing, or service of gas,
9 electricity, water, heat, pay television service, and
10 communication service, including the gross receipts from such
11 sales by any municipal corporation furnishing gas,
12 electricity, water, heat, pay television service, and
13 communication service to the public in its proprietary
14 capacity, except as otherwise provided in this division, when
15 sold at retail in the state to consumers or users; a like rate
16 of tax upon the gross receipts from all sales of tickets or
17 admissions to places of amusement, fairs, and athletic events
18 except those of elementary and secondary educational
19 institutions; and a like rate of tax upon that part of private
20 club membership fees or charges paid for the privilege of
21 participating in any athletic sports provided club members.

22 Sec. 2. Section 422.45, subsection 5, unnumbered paragraph
23 1, Code 1991, is amended to read as follows:

24 The gross receipts or from services rendered, furnished, or
25 performed and of all sales of goods, wares, or merchandise
26 used for public purposes to any tax-certifying or tax-levying
27 body of the state or governmental subdivision of the state,
28 including regional transit systems, as defined in section
29 601J.1, the state board of regents, state department of human
30 services, state department of transportation, any municipally
31 owned solid waste facility which sells all or part of its
32 processed waste as fuel to a municipally owned public utility
33 and all divisions, boards, commissions, agencies, or
34 instrumentalities of state, federal, county, or municipal
35 government which have no earnings going to the benefit of an

1 equity investor or stockholder except sales of goods, wares,
2 or merchandise or from services rendered, furnished, or
3 performed and used by or in connection with the operation of
4 any municipally owned public utility engaged in selling gas,
5 electricity ~~or~~, heat, or pay television service to the general
6 public.

7 Sec. 3. Section 422.45, subsection 7, unnumbered paragraph
8 1, Code 1991, is amended to read as follows:

9 A private nonprofit educational institution in this state,
10 nonprofit private museum ~~or-a~~, tax-certifying or tax-levying
11 body or governmental subdivision of the state, including the
12 state board of regents, state department of human services,
13 state department of transportation, a municipally owned solid
14 waste facility which sells all or part of its processed waste
15 as fuel to a municipally owned public utility, and all
16 divisions, boards, commissions, agencies, or instrumentalities
17 of state, federal, county, or municipal government which do
18 not have earnings going to the benefit of an equity investor
19 or stockholder, may make application to the department for the
20 refund of the sales, services, or use tax upon the gross
21 receipts of all sales of goods, wares, or merchandise, or from
22 services rendered, furnished, or performed, to a contractor,
23 used in the fulfillment of a written contract with the state
24 of Iowa, any political subdivision of the state, or a
25 division, board, commission, agency, or instrumentality of the
26 state or a political subdivision, a private nonprofit
27 educational institution in this state, or a nonprofit private
28 museum if the property becomes an integral part of the project
29 under contract and at the completion of the project becomes
30 public property, is devoted to educational uses, or becomes a
31 nonprofit private museum; except goods, wares, or merchandise,
32 or services rendered, furnished, or performed used in the
33 performance of any contract in connection with the operation
34 of any municipal utility engaged in selling gas, electricity,
35 or heat to the general public or in connection with the

1 operation of a municipal pay television system; and except
2 goods, wares, and merchandise used in the performance of a
3 contract for a "project" under chapter 419 as defined in that
4 chapter other than goods, wares, or merchandise used in the
5 performance of a contract for a "project" under chapter 419
6 for which a bond issue was ~~or-will-have-been~~ approved by a
7 municipality prior to July 1, 1968, or for which the goods,
8 wares, or merchandise becomes an integral part of the project
9 under contract and at the completion of the project becomes
10 public property or is devoted to educational uses.

11 Sec. 4. Section 422.45, subsection 20, Code 1991, is
12 amended to read as follows:

13 20. The gross receipts from sales or services rendered,
14 furnished, or performed by a county or city. This exemption
15 does not apply to the tax specifically imposed under section
16 422.43 on the gross receipts from the sales, furnishing, or
17 service of gas, electricity, water, heat, pay television
18 service, and communication service to the public by a
19 municipal corporation in its proprietary capacity and does not
20 apply to fees paid to cities and counties for the privilege of
21 participating in any athletic sports.

22 EXPLANATION

23 The bill imposes the state sales and use tax on the
24 providing of pay television services by a municipality and on
25 the municipality's purchase of supplies for purposes of
26 providing pay television services. At present, the providing
27 of such services by nongovernment providers are taxed.

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HOUSE FILE 487
FISCAL NOTE

A fiscal note for House File 487 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 487 imposes the state sales and use tax on the providing of pay television service by a municipality, and on the purchase of supplies for the purpose of providing pay television services.

Fiscal Effect

General Fund tax revenues are expected to increase by an insignificant amount.

Source: Department of Revenue and Finance

(LSB 2171hv, PDD)

FILED MARCH 20, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

Dickinson, ch.

Ala Great
Svotoda

WAYS AND MEANS

HOUSE FILE 487
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
GRONINGA)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the imposition of the state sales, services,
2 and use tax on pay television service provided by a
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9 electricity, water, heat, pay television service, and
10 communication service, including the gross receipts from such
11 sales by any municipal corporation furnishing gas,
12 electricity, water, heat, pay television service, and
13 communication service to the public in its proprietary
14 capacity, except as otherwise provided in this division, when
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28 including regional transit systems, as defined in section
29 601J.1, the state board of regents, state department of human
30 services, state department of transportation, any municipally
31 owned solid waste facility which sells all or part of its
32 processed waste as fuel to a municipally owned public utility
33 and all divisions, boards, commissions, agencies, or
34 instrumentalities of state, federal, county, or municipal
35 government which have no earnings going to the benefit of an

1 equity investor or stockholder except sales of goods, wares,
2 or merchandise or from services rendered, furnished, or
3 performed and used by or in connection with the operation of
4 any municipally owned public utility engaged in selling gas,
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13 state department of transportation, a municipally owned solid
14 waste facility which sells all or part of its processed waste
15 as fuel to a municipally owned public utility, and all
16 divisions, boards, commissions, agencies, or instrumentalities
17 of state, federal, county, or municipal government which do
18 not have earnings going to the benefit of an equity investor
19 or stockholder, may make application to the department for the
20 refund of the sales, services, or use tax upon the gross
21 receipts of all sales of goods, wares, or merchandise, or from
22 services rendered, furnished, or performed, to a contractor,
23 used in the fulfillment of a written contract with the state
24 of Iowa, any political subdivision of the state, or a
25 division, board, commission, agency, or instrumentality of the
26 state or a political subdivision, a private nonprofit
27 educational institution in this state, or a nonprofit private
28 museum if the property becomes an integral part of the project
29 under contract and at the completion of the project becomes
30 public property, is devoted to educational uses, or becomes a
31 nonprofit private museum; except goods, wares, or merchandise,
32 or services rendered, furnished, or performed used in the
33 performance of any contract in connection with the operation
34 of any municipal utility engaged in selling gas, electricity,
35 or heat to the general public or in connection with the

1 operation of a municipal pay television system; and except
2 goods, wares, and merchandise used in the performance of a
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4 chapter other than goods, wares, or merchandise used in the
5 performance of a contract for a "project" under chapter 419
6 for which a bond issue was ~~or will have been~~ approved by a
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8 wares, or merchandise becomes an integral part of the project
9 under contract and at the completion of the project becomes
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11 Sec. 4. Section 422.45, subsection 20, Code 1991, is
12 amended to read as follows:

13 20. The gross receipts from sales or services rendered,
14 furnished, or performed by a county or city. This exemption
15 does not apply to the tax specifically imposed under section
16 422.43 on the gross receipts from the sales, furnishing, or
17 service of gas, electricity, water, heat, pay television
18 service, and communication service to the public by a
19 municipal corporation in its proprietary capacity and does not
20 apply to fees paid to cities and counties for the privilege of
21 participating in any athletic sports.

22 EXPLANATION

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HOUSE FILE 487

AN ACT

RELATING TO THE IMPOSITION OF THE STATE SALES, SERVICES,
AND USE TAX ON PAY TELEVISION SERVICE PROVIDED BY A
MUNICIPALITY.

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

Section 1. Section 422.43, subsection 1, Code 1991, is amended to read as follows:

1. There is imposed a tax of four percent upon the gross receipts from all sales of tangible personal property, consisting of goods, wares, or merchandise, except as otherwise provided in this division, sold at retail in the state to consumers or users; a like rate of tax upon the gross receipts from the sales, furnishing, or service of gas, electricity, water, heat, pay television service, and communication service, including the gross receipts from such sales by any municipal corporation furnishing gas, electricity, water, heat, pay television service, and communication service to the public in its proprietary capacity, except as otherwise provided in this division, when sold at retail in the state to consumers or users; a like rate of tax upon the gross receipts from all sales of tickets or admissions to places of amusement, fairs, and athletic events except those of elementary and secondary educational institutions; and a like rate of tax upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

Sec. 2. Section 422.45, subsection 5, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The gross receipts or from services rendered, furnished, or performed and of all sales of goods, wares, or merchandise used for public purposes to any tax-certifying or tax-levying body of the state or governmental subdivision of the state, including regional transit systems, as defined in section 601J.1, the state board of regents, state department of human services, state department of transportation, any 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 have no earnings going to the benefit of an equity investor or stockholder except sales of goods, wares, or merchandise or from services rendered, furnished, or performed and used by or in connection with the operation of any municipally owned public utility engaged in selling gas, electricity or, heat, or pay television service to the general public.

Sec. 3. Section 422.45, subsection 7, unnumbered paragraph 1, Code 1991, is amended to read as follows:

A private nonprofit educational institution in this state, nonprofit private museum or-a, 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, services, or use tax upon the gross

receipts of all sales of goods, wares, or merchandise, or from services rendered, furnished, or performed, 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, or a nonprofit private museum 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, or becomes a nonprofit private museum; 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 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 ~~originally~~ ~~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.

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service, and communication service to the public by a municipal corporation in its proprietary capacity and does not apply to fees paid to cities and counties for the privilege of participating in any athletic sports.

ROBERT C. ARNOULD
Speaker of the House

JOE J. WELSH
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 487, Seventy fourth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved *April 30*, 1991

FERRY E. BRANSTAD
Governor