

3/19/98 removed from W. & M. Calendar & Moved to Unfinished Business Calendar

FILED FEB 26 1998

REPRINTED

SENATE FILE 2365
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 355)

Passed Senate, Date 3/23/98 (p. 813) Passed House, ^(p. 1622) Date 4-14-98
Vote: Ayes 50 Nays 0 Vote: Ayes 95 Nays 2
Approved May 5, 1998

A BILL FOR

1 An Act exempting certain rural water districts from provisions
2 regarding the state tax imposed on sales and services.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2365

S-5168

1 Amend Senate File 2365 as follows:
2 1. Page 1, by striking lines 3 through 7 and
3 inserting the following:
4 "NEW UNNUMBERED PARAGRAPH. A rural water district
5 organized under chapter 504A shall receive a refund of
6 sales or use taxes upon submitting an application to
7 the department of revenue and finance for such refund
8 of taxes imposed upon the gross receipts of all sales
9 of building materials, supplies, or equipment sold to
10 a contractor or used in the fulfillment of a written
11 contract for the construction of facilities for such
12 rural water district to the same extent as a rural
13 water district organized under this chapter may obtain
14 a refund under section 422.45, subsection 7."
15 2. Title page, by striking lines 1 and 2 and
16 inserting the following: "An Act relating to the
17 imposition of the sales and use tax on building
18 materials, supplies, and equipment sold and used in
19 the construction of facilities of rural water
20 districts."

By LARRY MCKIBBEN

S-5168 FILED MARCH 10, 1998 *Adopted 3/23/98 (p. 813)*

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1 Section 1. Section 357A.15, Code 1997, is amended by
2 adding the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. The facilities constructed or
4 otherwise acquired and equipment purchased by a rural water
5 district which is organized under chapter 504A shall be exempt
6 from taxation to the same extent as a rural water district
7 organized under this chapter.

8 EXPLANATION

9 This bill amends Code chapter 357A which provides for the
10 organization and management of rural water districts. Section
11 357A.15 provides that facilities constructed or acquired by a
12 rural water district organized under that chapter are not
13 subject to taxes imposed by the state. This bill amends that
14 provision by providing that facilities constructed or
15 equipment purchased by a district organized under Code chapter
16 504A is exempt from taxation to the same extent as a rural
17 water district organized under Code chapter 357A.

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SENATE FILE 2365
FISCAL NOTE

A fiscal note for Senate File 2365 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.

Senate File 2365 would exempt rural water districts organized under Chapter 504A from the State sales and use tax for facilities constructed or acquired by a district.

ASSUMPTIONS

1. Total spending on sales taxable items by rural water districts organized under Chapter 504A is estimated at approximately \$7.2 million in FY 1999.
2. Total spending by rural water districts for sales taxable items is assumed to increase by 3.0% per year.

FISCAL IMPACT

The fiscal impact of SF 2365 is estimated to be approximately \$360,000 in FY 1999 and approximately \$371,000 in FY 2000.

SOURCE

Iowa Rural Water Association

(LSB 2321SV, LCS)

FILED MARCH 17, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 2365
FISCAL NOTE**

A fiscal note for Amendment S-5675 to Senate File 2365 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.

Amendment S-5675 to Senate File 2365 would exempt rural water districts organized under Chapter 504A from the State sales and use tax for facilities constructed or acquired by a district.

ASSUMPTIONS

1. Total spending on sales taxable items by rural water districts organized under Chapter 504A is estimated at approximately \$7.2 million in FY 1999.
2. Total spending by rural water districts for sales taxable items is assumed to increase by 3.0% per year.

FISCAL IMPACT

The fiscal impact of Senate File 2365 (without Amendment S-5675) is estimated to be approximately \$360,000 in FY 1999 and approximately \$371,000 in FY 2000. Amendment S-5675 to SF 2365 would exempt the sales tax paid by a water company on the electricity purchased for the sole purpose of pumping raw water from a river or well. Currently, electricity purchased by these companies is exempt once the water is treated. It is expected that the impact of Amendment S-5675 to SF 2365 is less than \$15,000 annually.

SOURCE

Iowa Rural Water Association

(LSB 2321SV.2, LCS)

FILED APRIL 16, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

H. 3/24/98 W.D. Means
H. 3/31/98 Do, Pass

SENATE FILE ~~2365~~
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 355)
(AS AMENDED AND PASSED BY THE SENATE MARCH 23, 1998)

 - New Language by the Senate

Passed Senate, Date ^(P.1333) 4-16-98 Passed House, Date ^(P.1622) 4-14-98
Vote: Ayes 45 Nays 0 Vote: Ayes 95 Nays 2
Approved May 5, 1998

A BILL FOR

1 An Act relating to the imposition of the sales and use tax on
2 building materials, supplies, and equipment sold and used in
3 the construction of facilities of rural water districts.

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

SENATE FILE 2365

H-8817

1 Amend Senate File 2365, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 12 the
4 following:

5 "Sec. ____ Section 422.45, Code Supplement 1997,
6 is amended by adding the following new subsection:

7 NEW SUBSECTION. 33A. The gross receipts from the
8 sale of electricity to water companies assessed for
9 property tax pursuant to sections 428.24, 428.26, and
10 428.28 which is used solely for the purpose of pumping
11 water from a river or well."

12 2. Title page, by striking lines 2 and 3 and
13 inserting the following: "infrastructure and
14 electricity associated with providing water."

15 3. By renumbering as necessary.

By VAN FOSSEN of Scott
MILLAGE of Scott
LARSON of Linn

Adopted 4/14/98 (P.1622)
H-8817 FILED MARCH 31, 1998

S.F. 2365

1 Section 1. Section 357A.15, Code 1997, is amended by
2 adding the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. A rural water district organized
4 under chapter 504A shall receive a refund of sales or use
5 taxes upon submitting an application to the department of
6 revenue and finance for such refund of taxes imposed upon the
7 gross receipts of all sales of building materials, supplies,
8 or equipment sold to a contractor or used in the fulfillment
9 of a written contract for the construction of facilities for
10 such rural water district to the same extent as a rural water
11 district organized under this chapter may obtain a refund
12 under section 422.45, subsection 7.

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HOUSE AMENDMENT TO
SENATE FILE 2365

S-5675

- 1 Amend Senate File 2365, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by inserting after line 12 the
4 following:
5 "Sec. ____ . Section 422.45, Code Supplement 1997,
6 is amended by adding the following new subsection:
7 NEW SUBSECTION. 33A. The gross receipts from the
8 sale of electricity to water companies assessed for
9 property tax pursuant to sections 428.24, 428.26, and
10 428.28 which is used solely for the purpose of pumping
11 water from a river or well."
12 2. Title page, by striking lines 2 and 3 and
13 inserting the following: "infrastructure and
14 electricity associated with providing water."
15 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5675 FILED APRIL 14, 1998

Senate Concurred
4-16-98
(P. 1333)

pursuant to sections 428.24, 428.26, and 428.28 which is used solely for the purpose of pumping water from a river or well.

SENATE FILE 2365

AN ACT
RELATING TO THE IMPOSITION OF THE SALES AND USE TAX ON
INFRASTRUCTURE AND ELECTRICITY ASSOCIATED WITH PROVIDING
WATER.

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

Section 1. Section 357A.15, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A rural water district organized under chapter 504A shall receive a refund of sales or use taxes upon submitting an application to the department of revenue and finance for such refund of taxes imposed upon the gross receipts of all sales of building materials, supplies, or equipment sold to a contractor or used in the fulfillment of a written contract for the construction of facilities for such rural water district to the same extent as a rural water district organized under this chapter may obtain a refund under section 422.45, subsection 7.

Sec. 2. Section 422.45, Code Supplement 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 33A. The gross receipts from the sale of electricity to water companies assessed for property tax

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2365, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate
Approved May 5, 1998

TERRY E. BRANSTAD
Governor