

JAN 31 2000  
WAYS AND MEANS

HOUSE FILE 2095  
BY LARSON

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for the refund to a nonprofit hospital of state  
2 sales and use tax paid upon the gross receipts of all sales of  
3 goods and services to a construction contractor where the  
4 goods and services are used under a construction contract for  
5 a nonprofit hospital.

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

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HF 2095

1 Section 1. Section 422.45, subsection 7, Code Supplement  
2 1999, is amended to read as follows:

3 7. A private nonprofit educational institution in this  
4 state, nonprofit hospital licensed pursuant to chapter 135B,  
5 nonprofit private museum in this state, tax-certifying or tax-  
6 levying body or governmental subdivision of the state,  
7 including the state board of regents, state department of  
8 human services, state department of transportation, a  
9 municipally owned solid waste facility which sells all or part  
10 of its processed waste as fuel to a municipally owned public  
11 utility, and all divisions, boards, commissions, agencies, or  
12 instrumentalities of state, federal, county, or municipal  
13 government which do not have earnings going to the benefit of  
14 an equity investor or stockholder, may make application to the  
15 department for the refund of the sales, services, or use tax  
16 upon the gross receipts of all sales of goods, wares, or  
17 merchandise, or from services rendered, furnished, or  
18 performed, to a contractor, used in the fulfillment of a  
19 written contract with the state of Iowa, any political  
20 subdivision of the state, or a division, board, commission,  
21 agency, or instrumentality of the state or a political  
22 subdivision, a private nonprofit educational institution in  
23 this state, a nonprofit hospital licensed pursuant to chapter  
24 135B, or a nonprofit private museum in this state if the  
25 property becomes an integral part of the project under  
26 contract and at the completion of the project becomes public  
27 property, is devoted to educational uses, is used in the  
28 operation of the hospital, or becomes a nonprofit private  
29 museum; except goods, wares, or merchandise, or services  
30 rendered, furnished, or performed used in the performance of  
31 any contract in connection with the operation of any municipal  
32 utility engaged in selling gas, electricity, or heat to the  
33 general public or in connection with the operation of a  
34 municipal pay television system; and except goods, wares, and  
35 merchandise used in the performance of a contract for a

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

9 a. Such contractor shall state under oath, on forms  
10 provided by the department, the amount of such sales of goods,  
11 wares or merchandise or services rendered, furnished, or  
12 performed and used in the performance of such contract, and  
13 upon which sales or use tax has been paid, and shall file such  
14 forms with the governmental unit, private nonprofit  
15 educational institution, nonprofit hospital, or nonprofit  
16 private museum which has made any written contract for  
17 performance by the contractor. The forms shall be filed by  
18 the contractor with the governmental unit, educational  
19 institution, nonprofit hospital, or nonprofit private museum  
20 before final settlement is made.

21 b. Such governmental unit, educational institution,  
22 nonprofit hospital, or nonprofit private museum shall, not  
23 more than one year after the final settlement has been made,  
24 make application to the department for any refund of the  
25 amount of the sales or use tax which shall have been paid upon  
26 any goods, wares or merchandise, or services rendered,  
27 furnished, or performed, the application to be made in the  
28 manner and upon forms to be provided by the department, and  
29 the department shall forthwith audit the claim and, if  
30 approved, issue a warrant to the governmental unit,  
31 educational institution, nonprofit hospital, or nonprofit  
32 private museum in the amount of the sales or use tax which has  
33 been paid to the state of Iowa under the contract.

34 Refunds authorized under this subsection shall accrue  
35 interest at the rate in effect under section 421.7 from the

1 first day of the second calendar month following the date the  
2 refund claim is received by the department.

3 c. Any contractor who shall willfully make false report of  
4 tax paid under the provisions of this subsection shall be  
5 guilty of a simple misdemeanor and in addition thereto shall  
6 be liable for the payment of the tax and any applicable  
7 penalty and interest.

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#### EXPLANATION

9 The bill provides that a nonprofit hospital licensed in the  
10 state may receive a refund of the sales and use tax paid by a  
11 contractor on materials purchased for use in the construction  
12 of a project for the nonprofit hospital if the materials will  
13 be used in the operation of the hospital.

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