

MAR 3 1999

WAYS AND MEANS

HOUSE FILE

468

BY WHITEAD, WARNSTADT, and  
RANTS

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the state sales and use taxes by exempting  
2 storm water drainage services, specifying that city services  
3 provided by contracted individuals are exempt, specifying fees  
4 for organized athletic sports sponsored by a city or county  
5 are not exempt, providing a refund provision, and including an  
6 effective and retroactive applicability date provision.

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

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HF 468

1 Section 1. Section 422.43, subsection 11, unnumbered  
2 paragraph 1, Code 1999, is amended to read as follows:  
3 The following enumerated services are subject to the tax  
4 imposed on gross taxable services: alteration and garment  
5 repair; armored car; vehicle repair; battery, tire, and  
6 allied; investment counseling; service charges of all  
7 financial institutions; barber and beauty; boat repair;  
8 vehicle wash and wax; carpentry; roof, shingle, and glass  
9 repair; dance schools and dance studios; dating services; dry  
10 cleaning, pressing, dyeing, and laundering; electrical and  
11 electronic repair and installation; rental of tangible  
12 personal property, except mobile homes which are tangible  
13 personal property; excavating and grading; farm implement  
14 repair of all kinds; flying service; furniture, rug,  
15 upholstery repair and cleaning; fur storage and repair; golf  
16 and country clubs and all commercial recreation; house and  
17 building moving; household appliance, television, and radio  
18 repair; jewelry and watch repair; limousine service, including  
19 driver; machine operator; machine repair of all kinds; motor  
20 repair; motorcycle, scooter, and bicycle repair; oilers and  
21 lubricators; office and business machine repair; painting,  
22 papering, and interior decorating; parking facilities; pipe  
23 fitting and plumbing; wood preparation; licensed executive  
24 search agencies; private employment agencies, excluding  
25 services for placing a person in employment where the  
26 principal place of employment of that person is to be located  
27 outside of the state; sewage services for nonresidential  
28 commercial operations, excluding storm water drainage  
29 services; sewing and stitching; shoe repair and shoeshine;  
30 sign construction and installation; storage of household  
31 goods, mini-storage, and warehousing of raw agricultural  
32 products; swimming pool cleaning and maintenance; taxidermy  
33 services; telephone answering service; test laboratories,  
34 including mobile testing laboratories and field testing by  
35 testing laboratories, and excluding tests on humans or

1 animals; termite, bug, roach, and pest eradicators; tin and  
2 sheet metal repair; turkish baths, massage, and reducing  
3 salons, excluding services provided by massage therapists  
4 licensed under chapter 152C; weighing; welding; well drilling;  
5 wrapping, packing, and packaging of merchandise other than  
6 processed meat, fish, fowl, and vegetables; wrecking service;  
7 wrecker and towing; pay television; campgrounds; carpet and  
8 upholstery cleaning; gun and camera repair; janitorial and  
9 building maintenance or cleaning; lawn care, landscaping, and  
10 tree trimming and removal; pet grooming; reflexology; security  
11 and detective services; tanning beds or salons; and water  
12 conditioning and softening.

13 Sec. 2. Section 422.45, subsection 5, unnumbered paragraph  
14 1, Code 1999, is amended to read as follows:

15 The gross receipts from services rendered, furnished, or  
16 performed and of all sales of goods, wares, or merchandise  
17 used for public purposes to a tax-certifying or tax-levying  
18 body of the state or a governmental subdivision of the state,  
19 including regional transit systems, as defined in section  
20 324A.1, the state board of regents, department of human  
21 services, state department of transportation, any municipally  
22 owned solid waste facility which sells all or part of its  
23 processed waste as fuel to a municipally owned public utility,  
24 and all divisions, boards, commissions, agencies, or  
25 instrumentalities of state, federal, county, or municipal  
26 government which have no earnings going to the benefit of an  
27 equity investor or stockholder, except sales of goods, wares,  
28 or merchandise or from services rendered, furnished, or  
29 performed and used by or in connection with the operation of  
30 any municipally owned public utility engaged in selling gas,  
31 electricity, heat, or pay television service to the general  
32 public; except the sales, furnishing or providing of sewage  
33 services, other than storm water drainage services, to a  
34 county or municipality on behalf of nonresidential commercial  
35 operations; and except the sales, furnishing, or service of

1 solid waste collection and disposal service to a county or  
2 municipality on behalf of nonresidential commercial operations  
3 located within the county or municipality.

4 Sec. 3. Section 422.45, subsection 20, Code 1999, is  
5 amended to read as follows:

6 20. The gross receipts from sales or services rendered,  
7 furnished, or performed by a county or city. This exemption  
8 does not apply to the tax specifically imposed under section  
9 422.43 on the gross receipts from the sales, furnishing, or  
10 service of gas, electricity, water, heat, pay television  
11 service, and communication service to the public by a  
12 municipal corporation in its proprietary capacity; does not  
13 apply to the sales, furnishing, or service of solid waste  
14 collection and disposal service to nonresidential commercial  
15 operations; does not apply to the sales, furnishing, or  
16 service of sewage service for nonresidential commercial  
17 operations, except service of storm water drainage services;  
18 and does not apply to fees paid to cities and counties for the  
19 privilege of participating in any athletic sports.

20 Sec. 4. Section 422.45, subsection 20, Code 1999, is  
21 amended to read as follows:

22 20. The gross receipts from sales or services rendered,  
23 furnished, or performed by a county or city. This exemption  
24 applies to the gross receipts from services rendered,  
25 furnished, or performed by city employees or city-contracted  
26 labor. This exemption does not apply to the tax specifically  
27 imposed under section 422.43 on the gross receipts from the  
28 sales, furnishing, or service of gas, electricity, water,  
29 heat, pay television service, and communication service to the  
30 public by a municipal corporation in its proprietary capacity;  
31 does not apply to the sales, furnishing, or service of solid  
32 waste collection and disposal service to nonresidential  
33 commercial operations; does not apply to the sales,  
34 furnishing, or service of sewage service for nonresidential  
35 commercial operations; and does not apply to fees paid to

1 cities and counties for the privilege of participating in any  
2 organized athletic sports sponsored by a city or county.

3 Sec. 5. Refunds of taxes, interests, or penalties which  
4 arise from claims resulting from the enactment of the  
5 amendment to sections 422.43, 422.45, subsection 5, and  
6 422.45, subsection 20, in sections 1, 2, and 3 of this Act,  
7 for sales and services occurring between January 1, 1994, and  
8 June 30, 1999, shall be limited to \$25,000 in the aggregate  
9 and shall not be allowed unless refund claims are filed prior  
10 to October 1, 1999, notwithstanding any other provision of  
11 law. If the amount of claims totals more than \$25,000 in the  
12 aggregate, the department of revenue and finance shall prorate  
13 the \$25,000 among all claimants in relation to the amounts of  
14 the claimants' valid claims.

15 Sec. 6. Sections 1, 2, and 3 of this Act, being deemed of  
16 immediate importance, take effect upon enactment and apply  
17 retroactively to January 1, 1994, for sales and services made  
18 or furnished on or after that date.

19 EXPLANATION

20 Under present law, fees for sewage services for  
21 nonresidential commercial operations are subject to sales and  
22 use taxes. These fees include fees paid for storm water  
23 drainage services. The bill exempts these storm water  
24 drainage services from the sales and use taxes. This  
25 exemption is retroactive to January 1, 1994. Claims for  
26 refunds as a result of this retroactive date must be filed by  
27 October 1999 and are limited to \$25,000 in the aggregate. If  
28 claims exceed \$25,000, each claim will receive its pro rata  
29 share of the \$25,000.

30 The bill specifies that municipal services are exempt from  
31 the sales and services tax even if provided by contract labor.  
32 The bill also specifies that fees paid to cities or counties  
33 for the privilege of participating in organized athletic  
34 sports sponsored by a city or county are not exempt.

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