

Rants (chair)  
Raecter  
Chapman

HSB 22  
WAYS AND MEANS

**Succeeded By**  
HOUSE FILE \_\_\_\_\_ **HF**  
BY (PROPOSED COMMITTEE ON \_\_\_\_\_  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

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

**A BILL FOR**

1 An Act exempting internet and other on-line services from the  
2 state sales, services, and use taxes.

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

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1 Section 1.01 Section 422.45, Code 1999, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 55. The gross receipts from charges paid  
4 to a provider for access to on-line computer services. For  
5 purposes of this subsection, "on-line computer service" means  
6 a service that provides or enables computer access by multiple  
7 users to the internet or to other information made available  
8 through a computer server.

9 EXPLANATION

10 The bill exempts from the state sales and use taxes access  
11 charges paid to a provider for access to internet or other on-  
12 line computer services.

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MAR 26 1999

WAYS & MEANS CALENDAR

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S. 4/22/99 Do Pass

748

HOUSE FILE  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 22)

Passed House, <sup>(P.1377)</sup> Date 4/15/99 Passed Senate, Date 4-29-99  
Vote: Ayes 78 Nays 14 Vote: Ayes 39 Nays 10  
Approved May 24, 1999

(P.1397)

A BILL FOR

1 An Act exempting internet from the state sales, services, and use  
2 taxes.

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

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HOUSE FILE 748

H-1610

- 1 Amend House File 748 as follows:
- 2 1. Page 1, line 4, by inserting after the word
- 3 "services" the following: "or for cable television
- 4 services".
- 5 2. Title page, line 1, by inserting after the
- 6 word "internet" the following: "and cable television
- 7 service".

By WEIGEL of Chickasaw

H-1610 FILED APRIL 14, 1999

*Just 4/15/99 (P.1374)*

HOUSE FILE 748

H-1616

- 1 Amend the amendment, H-1610, to House File 748 as
- 2 follows:
- 3 1. Page 1, line 3, by inserting after the word
- 4 "cable" the following: "or satellite".
- 5 2. Page 1, line 6, by inserting after the word
- 6 "cable" the following: "or satellite".

By THOMAS of Clayton

H-1616 FILED APRIL 14, 1999

*Adopted 4/15/99 (P.1374)*

HF 748

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1 Section 1. Section 422.45, Code 1999, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 55. The gross receipts from charges paid  
4 to a provider for access to on-line computer services. For  
5 purposes of this subsection, "on-line computer service" means  
6 a service that provides or enables computer access by multiple  
7 users to the internet.

8 EXPLANATION

9 The bill exempts from the state sales and use taxes access  
10 charges paid to a provider for access to internet.

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**HOUSE FILE 748  
FISCAL NOTE**

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A fiscal note for House File 748 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.

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House File 748 exempts from the State sales and use taxes access charges paid to a provider for internet access services.

**ASSUMPTIONS**

1. Approximately 30.0% of Iowa households currently have internet access.
2. There are approximately 1.1 million households in Iowa.
3. The average monthly noncommercial internet access charge is \$20.
4. Business purchases of internet access services are approximately one-half of residential purchases of internet access services.

**FISCAL IMPACT**

The fiscal effect of exempting internet access charges from the sales tax is an estimated reduction in General Fund revenues compared to current law of between \$5.5 and \$6.0 million annually. Due to the enforcement of current law, it is estimated that approximately \$2.0 million of tax liability is not being currently collected. This uncollected liability reduces the cash basis impact to \$3.5 to \$4.0 million annually.

**SOURCES**

ACNielsen Research  
Forrester Research Associates

(LSB 1768HV.2, LCS)

FILED APRIL 27, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 748  
FISCAL NOTE**

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**SOURCES**

ACNielsen Research  
Forrester Research Associates

(LSB 1768hv, LCS)

FILED MARCH 30, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 748

House File 748, p. 2

AN ACT  
EXEMPTING INTERNET FROM THE STATE SALES, SERVICES, AND USE  
TAXES.

a service that provides or enables computer access by multiple  
users to the internet.

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

Section 1. Section 422.45, Code 1999, is amended by adding  
the following new subsection:

NEW SUBSECTION. 55. The gross receipts from charges paid  
to a provider for access to on-line computer services. For  
purposes of this subsection, "on-line computer service" means

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BRENT SIEGRIST  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and  
is known as House File 748, Seventy-eighth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved May 24, 1999

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THOMAS J. VILSACK  
Governor

HF 748