

House Study Bill 245

Bill Text

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1 1 Section 1. Section [422.45](#), subsection 27, paragraph a,
1 2 Code 1999, is amended by adding the following new
1 3 subparagraph:
1 4 NEW SUBPARAGRAPH. (7) (a) Central office equipment or
1 5 transmission equipment primarily used in the furnishing of
1 6 telecommunications services on a commercial basis. For
1 7 purposes of this subparagraph, the following definitions
1 8 apply:
1 9 (i) "Central office equipment" includes, but is not
1 10 limited to, equipment utilized in the initiating, processing,
1 11 amplifying, switching, or monitoring of telecommunications
1 12 services. "Central office equipment" also includes ancillary
1 13 equipment and apparatus which supports, regulates, controls,
1 14 repairs, tests, or enables central office equipment to
1 15 accomplish its function.
1 16 (ii) "Telecommunications services" means the service of
1 17 originating, transmitting, terminating, or recording of
1 18 interactive two-way voice, data, or information messages
1 19 between points selected by the originator without change in
1 20 the content.
1 21 (iii) "Transmission equipment" includes, but is not
1 22 limited to, equipment used in the transport of
1 23 telecommunications signals. "Transmission equipment" also
1 24 includes cable, fiber, radio transmitters and receivers,
1 25 satellite equipment, microwave, and ancillary equipment and
1 26 apparatus which supports, regulates, controls, repairs, tests,
1 27 or enables transmission equipment to accomplish its function.
1 28 (b) The exemption in this subparagraph shall be phased in
1 29 as follows:
1 30 (i) If the sale or rental occurs between July 1, 1999, and
1 31 June 30, 2000, one-third of the gross receipts are exempt.
1 32 (ii) If the sale or rental occurs between July 1, 2000,
1 33 and June 30, 2001, two-thirds of the gross receipts are
1 34 exempt.
1 35 (iii) If the sale or rental occurs on or after July 1,
2 1 2001, all of the gross receipts are exempt.
2 2 Sec. 2. Section [427.1](#), Code 1999, is amended by adding the
2 3 following new subsection:
2 4 NEW SUBSECTION. 30. FIBER OPTIC AND COPPER CABLE. Fiber
2 5 optic cable and copper cable of telephone companies taxed
2 6 under chapter 433 which are initially installed or deployed in
2 7 this state on or after July 1, 1999, are exempt from taxation.
2 8 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 does not
2 9 apply to the exemption provided in section 2 of this Act.
2 10 EXPLANATION
2 11 This bill adds central office equipment and transmission
2 12 equipment sold or rented for use in transporting
2 13 communications services to the list of industrial machinery,
2 14 computers, and equipment which are exempt from state sales and
2 15 use taxes. However, the exemption is phased in over a three-
2 16 year period beginning July 1, 1999. After June 30, 2001, the
2 17 equipment will be completely exempt. The bill defines central
2 18 office equipment as equipment used in initiating, processing,
2 19 amplifying, switching, or monitoring of telecommunications
2 20 services and any ancillary equipment. Telecommunications
2 21 services means the service of the origination, transmission,

2 22 termination, or recordation of interactive two-way voice,
2 23 data, or information messages between points. Transmission
2 24 equipment is also defined.
2 25 The bill also exempts from property taxation the fiber
2 26 optic cable and copper cable of telephone companies, assessed
2 27 and taxed under chapter 433, which are initially installed or
2 28 deployed in the state on or after July 1, 1999.
2 29 LSB 1766YC 78
2 30 mg/cf/24