

Senate Study Bill 1223

Bill Text

PAG LIN

1 1 Section 1. Section [422.45](#), Code 1999, is amended by adding
1 2 the following new subsection:

1 3 NEW SUBSECTION. 28. a. The gross receipts from the sale
1 4 or rental of central office equipment or transmission
1 5 equipment primarily used by local exchange carriers and
1 6 competitive local exchange service providers as defined in
1 7 section 476.96; by mutual companies, municipal utilities,
1 8 cooperatives, and companies furnishing communications services
1 9 which are not subject to rate regulation as provided in
1 10 chapter 476; by long distance companies as defined in section
1 11 477.10; or for a commercial mobile radio service as defined in
1 12 47 C.F.R. } 20.3 in the furnishing of telecommunications
1 13 services on a commercial basis. For the purposes of this
1 14 subsection, "central office equipment" means equipment
1 15 utilized in the initiating, processing, amplifying, switching,
1 16 or monitoring of telecommunications services. "Central office
1 17 equipment" also includes ancillary equipment and apparatus
1 18 which supports, regulates, controls, repairs, tests, or
1 19 enables central office equipment to accomplish its function.

1 20 b. The exemption in this subsection shall be phased in by
1 21 means of tax refunds as follows:

1 22 (1) If the sale or rental occurs between July 1, 1999, and
1 23 June 30, 2000, the tax on one-third of the gross receipts
1 24 shall be refunded.

1 25 (2) If the sale or rental occurs between July 1, 2000, and
1 26 June 30, 2001, the tax on two-thirds of the gross receipts
1 27 shall be refunded.

1 28 (3) If the sale or rental occurs on or after July 1, 2001,
1 29 all of the gross receipts are exempt and no payment of tax and
1 30 subsequent refund is required.

1 31 c. For sales or rentals occurring between July 1, 1999,
1 32 and June 30, 2001, a refund of the tax paid as provided in
1 33 paragraph "b", subparagraph (1) or (2), may be applied for.
1 34 Application must be made, not later than six months after the
1 35 sale or rental occurred, in the manner and on the forms
2 1 provided by the department. Refunds authorized shall accrue
2 2 interest at the rate in effect under section 421.7 from the
2 3 first day of the second calendar month following the date the
2 4 refund claim is received by the department.

EXPLANATION

2 5 This bill exempts from the state sales and use taxes
2 6 central office equipment and transmission equipment sold or
2 7 rented for use in transporting communications services to
2 8 local exchange carriers, competitive local exchange service
2 9 providers, certain mutual companies, cooperatives, and
2 10 municipal utilities not subject to rate regulation, long
2 11 distance companies, and commercial mobile radio services.
2 12 However, the exemption is phased in by means of tax refunds
2 13 over a three-year period beginning July 1, 1999. After June
2 14 30, 2001, the equipment will be completely exempt. The bill
2 15 defines central office equipment as equipment used in
2 16 initiating, processing, amplifying, switching, or monitoring
2 17 of telecommunications services and any ancillary equipment.

2 18
2 19 LSB 1766SC 78

2 20 mg/cf/24