

Senate Study Bill 3221

Bill Text

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1 1 Section 1. Section [422.45](#), Code Supplement 1999, is
1 2 amended by adding 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 franchised cable television operators,
1 8 mutual companies, municipal utilities, cooperatives, and
1 9 companies furnishing communications services which are not
1 10 subject to rate regulation as provided in chapter 476; by long
1 11 distance companies as defined in section 477.10; or for a
1 12 commercial mobile radio service as defined in 47 C.F.R. } 20.3
1 13 in the furnishing of telecommunications services on a
1 14 commercial basis. For the purposes of this subsection,
1 15 "central office equipment" means equipment utilized in the
1 16 initiating, processing, amplifying, switching, or monitoring
1 17 of telecommunications services. "Central office equipment"
1 18 also includes ancillary equipment and apparatus which
1 19 supports, regulates, controls, repairs, tests, or enables
1 20 central office equipment to accomplish its function.
1 21 b. The exemption in this subsection shall be phased in by
1 22 means of tax refunds as follows:
1 23 (1) If the sale or rental occurs between July 1, 2001, and
1 24 June 30, 2002, the tax on one-fifth of the gross receipts
1 25 shall be refunded.
1 26 (2) If the sale or rental occurs between July 1, 2002, and
1 27 June 30, 2003, the tax on two-fifths of the gross receipts
1 28 shall be refunded.
1 29 (3) If the sale or rental occurs between July 1, 2003, and
1 30 June 30, 2004, the tax on three-fifths of the gross receipts
1 31 shall be refunded.
1 32 (4) If the sale or rental occurs between July 1, 2004, and
1 33 June 30, 2005, the tax on four-fifths of the gross receipts
1 34 shall be refunded.
1 35 (5) If the sale or rental occurs on or after July 1, 2005,
2 1 all of the gross receipts are exempt and no payment of tax and
2 2 subsequent refund are required.
2 3 c. For sales or rentals occurring between July 1, 2001,
2 4 and June 30, 2005, a refund of the tax paid as provided in
2 5 paragraph "b", subparagraph (1), (2), (3), or (4), must be
2 6 applied for, not later than six months after the sale or
2 7 rental occurred, in the manner and on the forms provided by
2 8 the department. Refunds authorized shall accrue interest at
2 9 the rate in effect under section 421.7 from the first day of
2 10 the second calendar month following the date the refund claim
2 11 is received by the department.
2 12 Sec. 2. EFFECTIVE DATE. This Act takes effect July 1,
2 13 2001.

EXPLANATION

2 14 This bill exempts from the state sales and use taxes
2 15 central office equipment and transmission equipment sold or
2 16 rented for use in transporting communications services by
2 17 local exchange carriers, competitive local exchange service
2 18 providers, certain franchised cable television operators,
2 19 mutual companies, cooperatives, and municipal utilities not
2 20 subject to rate regulation, long distance companies, and
2 21

2 22 commercial mobile radio services. However, the exemption is
2 23 phased in by means of tax refunds over a five-year period
2 24 beginning July 1, 2001. After June 30, 2005, the equipment
2 25 will be completely tax exempt. The bill defines central
2 26 office equipment as equipment used in initiating, processing,
2 27 amplifying, switching, or monitoring of telecommunications
2 28 services and any ancillary equipment.
2 29 The bill takes effect July 1, 2001.
2 30 LSB 7181SC 78
2 31 mg/cf/24