

JAN 30 2001

WAYS AND MEANS

HOUSE FILE 128

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PETERSEN, and WINCKLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the phasing in of an exemption from state
2 sales and use taxes on the gross receipts from the sale,
3 furnishing, or service of metered gas and heating fuel used by
4 residential customers and including an effective date.

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

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HF 128

1 Section 1. Section 422.45, Code 2001, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 60. a. Subject to paragraph "b", the
4 gross receipts from the sale, furnishing, or service of
5 metered gas for residential customers and the gross receipts
6 from the sale, furnishing, or service of fuel, including
7 propane and heating oil, used to provide heat for residential
8 customers.

9 b. The exemption in this subsection shall be phased in by
10 means of a reduction in the tax rate as follows:

11 (1) If the date of the utility billing of the customer for
12 the sale, furnishing, or service of metered gas is between
13 March 1, 2001, and December 31, 2001, or the sale, furnishing,
14 or service of fuel for heating purposes occurs between March
15 1, 2001, and December 31, 2001, the rate of tax is four
16 percent of the gross receipts.

17 (2) If the date of the utility billing of the customer for
18 the sale, furnishing, or service of metered gas is between
19 January 1, 2002, and December 31, 2002, or the sale,
20 furnishing, or service of fuel for heating purposes occurs
21 between January 1, 2002, and December 31, 2002, the rate of
22 tax is three percent of the gross receipts.

23 (3) If the date of the utility billing of the customer for
24 the sale, furnishing, or service of metered gas is between
25 January 1, 2003, and December 31, 2003, or the sale,
26 furnishing, or service of fuel for heating purposes occurs
27 between January 1, 2003, and December 31, 2003, the rate of
28 tax is two percent of the gross receipts.

29 (4) If the date of the utility billing of the customer for
30 the sale, furnishing, or service of metered gas is between
31 January 1, 2004, and December 31, 2004, or the sale,
32 furnishing, or service of fuel for heating purposes occurs
33 between January 1, 2004, and December 31, 2004, the rate of
34 tax is one percent of the gross receipts.

35 (5) If the date of the utility billing of the customer for

1 the sale, furnishing, or service of metered gas is on or after
2 January 1, 2005, or the sale, furnishing, or service of fuel
3 for heating purposes occurs on or after January 1, 2005, the
4 rate of tax is zero percent of the gross receipts.

5 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
6 immediate importance, takes effect upon enactment.

7 EXPLANATION

8 This bill phases out the sales and use taxes on the gross
9 receipts from the sale, furnishing, or service of metered gas
10 and of fuel, including propane and heating oil, used for
11 residential-type dwellings. The bill reduces the 5 percent
12 sales and use tax rate to 4 percent for the period March 1,
13 2001, through December 31, 2001. The rate is reduced an
14 additional 1 percentage point at the beginning of subsequent
15 calendar years until there no longer is a tax on such gas and
16 fuel.

17 The bill takes effect upon enactment.

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