

JAN 14 2002  
WAYS AND MEANS

HOUSE FILE 2018  
BY REYNOLDS, TREMMEL, KREIMAN,  
and HEATON

(COMPANION TO LSB 5139SS  
BY SHEARER)

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

**A BILL FOR**

1 An Act relating to the abatement of interest on state sales and  
2 use taxes and local sales and service taxes of purchasers of  
3 certain access to on-line computer services and providing  
4 refunds, and including effective and applicability date  
5 provisions.

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

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HF-2018

1 Section 1. Section 421.60, subsection 2, paragraph m,  
2 subparagraph (3), Code 2001, is amended to read as follows:

3 (3) The director shall prepare quarterly reports  
4 summarizing each case in which abatement of tax, interest, or  
5 penalties was made. However, the report shall not disclose  
6 the identity of the taxpayer. An abatement authorized by this  
7 paragraph to a retailer shall not preclude the department from  
8 proceeding to collect the liability from a purchaser.  
9 However, if the abatement is granted pursuant to subparagraph  
10 (2), interest on the liability due from a purchaser shall not  
11 be assessed.

12 Sec. 2. REFUNDS. Refunds of interest which arise from  
13 claims resulting from the amendment to section 421.60,  
14 subsection 2, paragraph "m", subparagraph (3), in this Act,  
15 for sales on which the state sales and use taxes and any local  
16 sales and services taxes were abated pursuant to section  
17 421.60, subsection 2, paragraph "m", subparagraph (2), shall  
18 not be allowed unless refund claims are filed prior to March  
19 1, 2002.

20 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,  
21 being deemed of immediate importance, takes effect upon  
22 enactment. This Act applies to state sales and use taxes and  
23 any local sales and services taxes due on charges paid for  
24 access to on-line computer services on or after January 1,  
25 1996, which were abated with regard to a retailer pursuant to  
26 section 421.60, subsection 2, paragraph "m", subparagraph (2).

27 EXPLANATION

28 This bill provides that if a retailer failed to collect  
29 state sales and use taxes and any local sales and services  
30 taxes from purchasers of the retailer's access to on-line  
31 computer services because of written advice from the  
32 department of revenue and finance and had these taxes abated,  
33 then interest on such taxes shall not be collected from the  
34 purchaser. However, the taxes may still be collected from the  
35 purchaser.

1 The bill also provides that if interest on these taxes were  
2 paid then the interest paid, shall be refunded to the  
3 purchaser if a claim for refund is filed by March 1, 2002.

4 The bill takes effect upon enactment and applies to taxes  
5 that were due from charges paid for access to on-line computer  
6 services on or after January 1, 1996.

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