

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

A BILL FOR

1 An Act relating to an exemption from the sales and use taxes of
2 building materials used in the construction of certain
3 nonprofit hospitals, providing refunds, and including
4 effective and retroactive date provisions.

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

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HF 2069

1 Section 1. Section 422.45, subsection 7, Code Supplement
2 2003, is amended to read as follows:

3 7. A private nonprofit educational institution in this
4 state, nonprofit private museum in this state, nonprofit
5 hospital licensed pursuant to chapter 135B in a city in this
6 state with a population of less than twenty thousand, tax-
7 certifying or tax-levying body or governmental subdivision of
8 the state, including the state board of regents, state
9 department of human services, state department of
10 transportation, a municipally owned solid waste facility which
11 sells all or part of its processed waste as fuel to a
12 municipally owned public utility, and all divisions, boards,
13 commissions, agencies, or instrumentalities of state, federal,
14 county, or municipal government which do not have earnings
15 going to the benefit of an equity investor or stockholder, may
16 make application to the department for the refund of the
17 sales, services, or use tax upon the gross receipts of all
18 sales of goods, wares, or merchandise, or from services
19 rendered, furnished, or performed, to a contractor, used in
20 the fulfillment of a written contract with the state of Iowa,
21 any political subdivision of the state, or a division, board,
22 commission, agency, or instrumentality of the state or a
23 political subdivision, a private nonprofit educational
24 institution in this state, ~~or~~ a nonprofit private museum in
25 this state, or a nonprofit hospital in a city in this state
26 with a population of less than twenty thousand, if the
27 property becomes an integral part of the project under
28 contract and at the completion of the project becomes public
29 property, is devoted to educational uses, ~~or~~ becomes a
30 nonprofit private museum, or becomes part of the nonprofit
31 hospital; except goods, wares, or merchandise, or services
32 rendered, furnished, or performed used in the performance of
33 any contract in connection with the operation of any municipal
34 utility engaged in selling gas, electricity, or heat to the
35 general public or in connection with the operation of a

1 municipal pay television system; and except goods, wares, and
2 merchandise used in the performance of a contract for a
3 "project" under chapter 419 as defined in that chapter other
4 than goods, wares, or merchandise used in the performance of a
5 contract for a "project" under chapter 419 for which a bond
6 issue was approved by a municipality prior to July 1, 1968, or
7 for which the goods, wares, or merchandise becomes an integral
8 part of the project under contract and at the completion of
9 the project becomes public property, or is devoted to
10 educational uses, or becomes part of a nonprofit hospital in a
11 city in this state with a population of less than twenty
12 thousand.

13 a. Such contractor shall state under oath, on forms
14 provided by the department, the amount of such sales of goods,
15 wares, or merchandise or services rendered, furnished, or
16 performed and used in the performance of such contract, and
17 upon which sales or use tax has been paid, and shall file such
18 forms with the governmental unit, private nonprofit
19 educational institution, or nonprofit private museum, or
20 nonprofit hospital which has made any written contract for
21 performance by the contractor. The forms shall be filed by
22 the contractor with the governmental unit, educational
23 institution, or nonprofit private museum, or nonprofit
24 hospital before final settlement is made.

25 b. Such governmental unit, educational institution, or
26 nonprofit private museum, or nonprofit hospital shall, not
27 more than one year after the final settlement has been made,
28 make application to the department for any refund of the
29 amount of the sales or use tax which shall have been paid upon
30 any goods, wares, or merchandise, or services rendered,
31 furnished, or performed, the application to be made in the
32 manner and upon forms to be provided by the department, and
33 the department shall forthwith audit the claim and, if
34 approved, issue a warrant to the governmental unit,
35 educational institution, or nonprofit private museum, or

1 nonprofit hospital in the amount of the sales or use tax which
2 has been paid to the state of Iowa under the contract.

3 Refunds authorized under this subsection shall accrue
4 interest at the rate in effect under section 421.7 from the
5 first day of the second calendar month following the date the
6 refund claim is received by the department.

7 c. Any contractor who shall willfully make false report of
8 tax paid under the provisions of this subsection shall be
9 guilty of a simple misdemeanor and in addition thereto shall
10 be liable for the payment of the tax and any applicable
11 penalty and interest.

12 Sec. 2. Section 422.45, Code Supplement 2003, is amended
13 by adding the following new subsection:

14 NEW SUBSECTION. 54C. The gross receipts from the sales of
15 goods, wares, or merchandise, or from services rendered,
16 furnished, or performed to a nonprofit hospital licensed
17 pursuant to chapter 135B in a city in this state with a
18 population of less than twenty thousand to be used for
19 construction at such hospital.

20 Sec. 3. Section 423.3, as enacted by 2003 Iowa Acts, First
21 Extraordinary Session, chapter 2, section 96, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 29A. The sales price of goods, wares, or
24 merchandise sold, or of services furnished to a nonprofit
25 hospital licensed pursuant to chapter 135B in a city in this
26 state with a population of less than twenty thousand which are
27 used for construction at such hospital.

28 Sec. 4. Section 423.4, subsection 1, as enacted by 2003
29 Iowa Acts, First Extraordinary Session, chapter 2, section 97,
30 is amended to read as follows:

31 1. A private nonprofit educational institution in this
32 state, nonprofit private museum in this state, nonprofit
33 hospital licensed pursuant to chapter 135B in a city in this
34 state with a population of less than twenty thousand, tax-
35 certifying or tax-levying body or governmental subdivision of

1 the state, including the state board of regents, state
2 department of human services, state department of
3 transportation, a municipally owned solid waste facility which
4 sells all or part of its processed waste as fuel to a
5 municipally owned public utility, and all divisions, boards,
6 commissions, agencies, or instrumentalities of state, federal,
7 county, or municipal government which do not have earnings
8 going to the benefit of an equity investor or stockholder, may
9 make application to the department for the refund of the sales
10 or use tax upon the sales price of all sales of goods, wares,
11 or merchandise, or from services furnished to a contractor,
12 used in the fulfillment of a written contract with the state
13 of Iowa, any political subdivision of the state, or a
14 division, board, commission, agency, or instrumentality of the
15 state or a political subdivision, a private nonprofit
16 educational institution in this state, ~~or~~ a nonprofit private
17 museum in this state, or a nonprofit hospital in a city in
18 this state with a population of less than twenty thousand, if
19 the property becomes an integral part of the project under
20 contract and at the completion of the project becomes public
21 property, is devoted to educational uses, ~~or~~ becomes a
22 nonprofit private museum, or becomes part of the nonprofit
23 hospital; except goods, wares, or merchandise, or services
24 furnished which are used in the performance of any contract in
25 connection with the operation of any municipal utility engaged
26 in selling gas, electricity, or heat to the general public or
27 in connection with the operation of a municipal pay television
28 system; and except goods, wares, and merchandise used in the
29 performance of a contract for a "project" under chapter 419 as
30 defined in that chapter other than goods, wares, or
31 merchandise used in the performance of a contract for a
32 "project" under chapter 419 for which a bond issue was
33 approved by a municipality prior to July 1, 1968, or for which
34 the goods, wares, or merchandise becomes an integral part of
35 the project under contract and at the completion of the

1 project becomes public property, ~~or~~ is devoted to educational
2 uses, or becomes part of a nonprofit hospital in a city in
3 this state with a population of less than twenty thousand.

4 a. Such contractor shall state under oath, on forms
5 provided by the department, the amount of such sales of goods,
6 wares, or merchandise, or services furnished and used in the
7 performance of such contract, and upon which sales or use tax
8 has been paid, and shall file such forms with the governmental
9 unit, private nonprofit educational institution, ~~or~~ nonprofit
10 private museum, or nonprofit hospital which has made any
11 written contract for performance by the contractor. The forms
12 shall be filed by the contractor with the governmental unit,
13 educational institution, ~~or~~ nonprofit private museum, or
14 nonprofit hospital before final settlement is made.

15 b. Such governmental unit, educational institution, ~~or~~
16 nonprofit private museum, or nonprofit hospital shall, not
17 more than one year after the final settlement has been made,
18 make application to the department for any refund of the
19 amount of the sales or use tax which shall have been paid upon
20 any goods, wares, or merchandise, or services furnished, the
21 application to be made in the manner and upon forms to be
22 provided by the department, and the department shall forthwith
23 audit the claim and, if approved, issue a warrant to the
24 governmental unit, educational institution, ~~or~~ nonprofit
25 private museum, or nonprofit hospital in the amount of the
26 sales or use tax which has been paid to the state of Iowa
27 under the contract.

28 Refunds authorized under this subsection shall accrue
29 interest at the rate in effect under section 421.7 from the
30 first day of the second calendar month following the date the
31 refund claim is received by the department.

32 c. Any contractor who willfully makes a false report of
33 tax paid under the provisions of this subsection is guilty of
34 a simple misdemeanor and in addition shall be liable for the
35 payment of the tax and any applicable penalty and interest.

1 result of the retroactive applicability of the exemption is
2 limited to \$50,000 in the aggregate and the claims must be
3 filed by October 1, 2004.

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