

FEB 12 2004
WAYS AND MEANS

HOUSE FILE 2238
BY SHOULTZ

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

A BILL FOR

1 An Act relating to the prohibition of state agencies to enter
2 into contracts with retailers, or affiliates of retailers, who
3 do not collect state sales and use taxes.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HF 2238

1 Section 1. Section 8A.311, Code Supplement 2003, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 20. a. A state agency shall not contract
4 for the purchase of goods or services from a retailer or
5 affiliate of a retailer who fails or refuses to collect or
6 remit the Iowa sales and use tax imposed under section 423.2
7 or 423.5 on the goods or services sold by the retailer or
8 affiliate of the retailer and delivered by any means to
9 locations within this state.

10 b. Every bid submitted and each contract executed by a
11 state agency shall contain a certification by the bidder or
12 contractor stating that the bidder or contractor is registered
13 with the department of revenue and will collect and remit Iowa
14 sales and use tax due under chapter 423. In the
15 certification, the bidder or contractor shall also acknowledge
16 that the state agency may declare the contract or bid void if
17 the certification is false. Fraudulent certification, by act
18 or omission, may result in the state agency or its
19 representative filing for damages for breach of contract.

20 Sec. 2. NEW SECTION. 73.12 RETAILER'S COLLECTION OF
21 SALES TAX.

22 1. A state agency shall not contract for the purchase of
23 goods or services from a retailer or affiliate of a retailer
24 who fails or refuses to collect or remit the Iowa sales and
25 use tax imposed under section 423.2 or 423.5 on the goods or
26 services sold by the retailer or affiliate of the retailer and
27 delivered by any means to locations within this state.

28 2. Every bid submitted and each contract executed by a
29 state agency shall contain a certification by the bidder or
30 contractor stating that the bidder or contractor is registered
31 with the department of revenue and will collect and remit Iowa
32 sales and use tax due under chapter 423. In the
33 certification, the bidder or contractor shall also acknowledge
34 that the state agency may declare the contract or bid void if
35 the certification is false. Fraudulent certification, by act

1 or omission, may result in the state agency or its
2 representative filing for damages for breach of contract.

3 EXPLANATION

4 This bill amends Code section 8A.311 and Code chapter 73,
5 pertaining to duties relating to public contracts, to prohibit
6 state agencies from purchasing goods or services from a
7 retailer or an affiliate of a retailer who fails or refuses to
8 collect sales or use tax on the goods or services sold by the
9 retailer and delivered by any means to locations within the
10 state.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35