

Senate File 393 - Introduced

SENATE FILE _____
BY DANIELSON

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

A BILL FOR

1 An Act providing a sales tax refund for up to five years for
2 power used in the operation of information technology
3 facilities.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2313SS 82
6 ak/es/88

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1 1 Section. 1. Section 423.4, Code 2007, is amended by
1 2 adding the following new subsection:
1 3 NEW SUBSECTION. 8. a. The owner of an information
1 4 technology facility in this state may make an annual
1 5 application for up to five consecutive years to the department
1 6 for the refund of the sales or use tax upon the sales price of
1 7 all sales of fuel used in creating heat, power, and steam for
1 8 processing or generating electrical current, or from the sale
1 9 of electricity consumed by computers, machinery, or other
1 10 equipment for operation of the technology facility.
1 11 b. An information technology facility shall qualify for
1 12 the refund in this subsection if the facility's six-digit
1 13 North American industry classification system number indicates
1 14 that the facility is primarily engaged in providing
1 15 computer-related services.
1 16 c. The refund may be obtained only in the following manner
1 17 and under the following conditions:
1 18 (1) The applicant shall use forms furnished by the
1 19 department.
1 20 (2) The applicant shall separately list the amounts of
1 21 sales and use tax paid during the reporting period.
1 22 (3) The applicant may request when the refund begins, but
1 23 it must start on the first day of a month and proceed for a
1 24 continuous twelve-month period.
1 25 d. In determining the amount to be refunded, if the dates
1 26 of the utility billing or meter reading cycle for the sale or
1 27 furnishing of metered gas and electricity is on or after the
1 28 first day of the first month through the last day of the last
1 29 month of the refund year, the full amount of tax charged in
1 30 the billings shall be refunded. In determining the amount to
1 31 be refunded, if the dates of the sale or furnishing of fuel
1 32 for purposes of commercial energy and the delivery of the fuel
1 33 is on or after the first day of the first month through the
1 34 last day of the last month of the refund year, the full amount
1 35 of tax charged in the billings shall be refunded.
2 1 e. To receive refunds during the five-year period, the
2 2 applicant shall file a refund claim within three months after
2 3 the end of each refund year.
2 4 f. The refund in this subsection applies only to state
2 5 sales and use tax paid and does not apply to local option
2 6 sales and services taxes imposed pursuant to chapters 423B and
2 7 423E.

EXPLANATION

2 8 This bill provides an annual sales tax refund for up to
2 9 five years for an information technology facility on the sale
2 10 price of all sales of fuels used in creating heat, power, and
2 11 steam for processing or for generating electrical current, or
2 12 from the sale of electricity consumed by computers, machinery,
2 13 or other equipment for operation of the facility.
2 14 The bill requires that to qualify for the refund an
2 15 information technology facility must be classified under the
2 16 North American industry classification system number 541519,
2 17 which includes companies that provide computer-related
2 18 services including computer disaster recovery services and
2 19

2 20 software installation services.

2 21 The bill sets out specific requirements in order for an
2 22 information technology facility to obtain a tax refund. The
2 23 criteria include that the applicant shall use forms furnished
2 24 by the department of revenue; the applicant shall separately
2 25 list the amounts of sales and use tax paid during the
2 26 reporting period; and the applicant may request when the
2 27 refund begins, but it must start on the first day of a month
2 28 and proceed for a continuous 12-month period.

2 29 The bill also provides that in determining the amount of
2 30 refund, if the date of the utility billing or meter reading
2 31 cycle for the sale or furnishing of metered gas and
2 32 electricity occurs during the refund year, then the amount of
2 33 tax on the bill is refundable. If the sale or furnishing of
2 34 fuel and the delivery of the fuel occur during the refund
2 35 year, then the tax is refunded.

3 1 The bill requires that in order to receive refunds during
3 2 the five-year refund period, an applicant shall make refund
3 3 requests within three months after the end of each refund
3 4 year. The bill also states that the refund only applies to
3 5 state sales and use tax and not to local option sales and
3 6 services taxes in Code chapters 423B and 423E.

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