

House Study Bill 20

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT
BILL)

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

A BILL FOR

1 An Act changing the eligibility requirements of web search portal
2 businesses and information technology facilities for certain
3 sales, use, and property tax exemptions and refunds.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1435DP 83
6 tw/mg:sc/8

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1 1 Section 1. Section 423.3, subsection 92, paragraph b, Code
1 2 2009, is amended to read as follows:

1 3 b. For the purpose of claiming this exemption, all of the
1 4 following requirements shall be met:

1 5 (1) The business of the purchaser or renter shall be as a
1 6 provider of a web search portal.

1 7 (2) The web search portal business shall have a physical
1 8 location in the state that is used for the operations and
1 9 maintenance of the web search portal site on the internet
1 10 including but not limited to research and development to
1 11 support capabilities to organize information and to provide
1 12 internet access, navigation, and search.

1 13 (3) The web search portal business shall make a minimum
1 14 investment in an Iowa physical location of ~~two~~ one hundred
1 15 million dollars within the first six years of operation in
1 16 Iowa beginning with the date the web search portal business
1 17 initiates site preparation activities. The minimum investment
1 18 includes the initial investment, including land and subsequent
1 19 acquisition of additional adjacent land and subsequent
1 20 investment at the Iowa location.

~~1 21 (4) The web search portal business shall purchase, option,
1 22 or lease Iowa land not later than December 31, 2008, for any
1 23 initial investment. However, the December 31, 2008, date
1 24 shall not affect the future purchases of adjacent land and
1 25 additional investment in the initial or adjacent land to
1 26 qualify as part of the minimum investment for purposes of this
1 27 exemption.~~

1 28 Sec. 2. Section 423.3, subsection 93, paragraph b, Code
1 29 2009, is amended to read as follows:

1 30 b. For the purpose of claiming this exemption, all of the
1 31 following requirements shall be met:

1 32 (1) The purchaser or renter shall be a web search portal
1 33 business.

1 34 (2) The web search portal business shall have a physical
1 35 location in the state that is used for the operations and
2 1 maintenance of the web search portal business.

2 2 (3) The web search portal business shall make a minimum
2 3 investment in an Iowa physical location of ~~two~~ one hundred
2 4 million dollars within the first six years of operation in
2 5 Iowa beginning with the date the web search portal business
2 6 initiates site preparation activities. The minimum investment
2 7 includes the initial investment, including land and subsequent
2 8 acquisition of additional adjacent land and subsequent
2 9 investment at the Iowa location.

~~2 10 (4) The web search portal business shall purchase, option,
2 11 or lease Iowa land not later than December 31, 2008, for any
2 12 initial investment. However, the December 31, 2008, date
2 13 shall not affect the future purchases of adjacent land and
2 14 additional investment in the initial or adjacent land to
2 15 qualify as part of the minimum investment for purposes of this
2 16 exemption.~~

2 17 Sec. 3. Section 423.4, subsection 8, paragraph b,

2 18 subparagraph (3), Code 2009, is amended by striking the
2 19 subparagraph.
2 20 Sec. 4. IMPLEMENTATION. Section 25B.7 does not apply to
2 21 any property tax exemption resulting from the enactment of
2 22 this Act.

2 23 EXPLANATION

2 24 This bill relates to sales, use, and property tax
2 25 exemptions and refunds for web search portal businesses.
2 26 Current law provides two substantially similar exemptions
2 27 from the sales and use taxes for web search portal businesses.
2 28 Both of these exemptions have certain eligibility
2 29 requirements, one of which is that a web search portal
2 30 business make an initial minimum investment of \$200 million
2 31 and one of which is that the web search portal business
2 32 purchase, option, or lease land in Iowa not later than
2 33 December 31, 2008. The bill reduces to \$100 million the
2 34 minimum initial investment and eliminates the requirement that
2 35 a web search portal business purchase, option, or lease land
3 1 in the state by December 31, 2008.

3 2 Current law allows a property tax exemption for certain
3 3 property of the web search portal business if the business
3 4 meets the requirements for that business to receive the sales
3 5 and use tax exemptions. Therefore, a change in the
3 6 requirements for the sales and use tax exemptions also may
3 7 affect businesses eligible for the property tax exemption.
3 8 The provision that property tax exemptions have to be fully
3 9 funded by the state is made inapplicable to any change in
3 10 property tax exemptions resulting from the enactment of the
3 11 bill.

3 12 Current law also provides for a five-year refund of the
3 13 sales and use taxes paid by certain information technology
3 14 companies. In order to qualify for the refund, information
3 15 technology companies must meet certain Leadership in Energy
3 16 and Environmental Design (LEED) standards. The bill
3 17 eliminates the LEED standards requirement.

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