

Senate File 194 - Introduced

SENATE FILE _____
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 1084)

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

A BILL FOR

1 An Act relating to a sales tax exemption for the operation of
2 nonprofit private performing arts centers and allowing a sales
3 tax refund for construction of such centers.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1294SV 83
6 ak/sc/5

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1 1 Section 1. Section 423.3, subsection 22, Code 2009, is
1 2 amended to read as follows:
1 3 22. The sales price from sales of goods, wares, or
1 4 merchandise, or from services furnished, to a nonprofit
1 5 private art center or performing arts center to be used in the
1 6 operation of the art center or performing arts center.
1 7 Sec. 2. Section 423.4, subsection 1, Code 2009, is amended
1 8 by striking the subsection and inserting in lieu thereof the
1 9 following:
1 10 1. a. The following designated entities may make
1 11 application to the department for a refund of the sales or use
1 12 tax upon the sales price of all sales of goods, wares, or
1 13 merchandise, or from services furnished, to a contractor used
1 14 in the fulfillment of a written contract with the designated
1 15 entity:
1 16 (1) A private nonprofit educational institution in this
1 17 state.
1 18 (2) A nonprofit Iowa affiliate of a nonprofit
1 19 international organization whose primary activity is the
1 20 promotion of the construction, remodeling, or rehabilitation
1 21 of one-family or two-family dwellings for low-income families.
1 22 (3) A nonprofit private museum in this state.
1 23 (4) A nonprofit private performing arts center in this
1 24 state.
1 25 (5) A tax-certifying or tax-levying body or governmental
1 26 subdivision of the state, including the state board of
1 27 regents, the state department of human services, and the state
1 28 department of transportation.
1 29 (6) A municipally owned solid waste facility that sells
1 30 all or part of its processed waste as fuel to a municipally
1 31 owned public utility.
1 32 (7) All divisions, boards, commissions, agencies, or
1 33 instrumentalities of state, federal, county, or municipal
1 34 government that do not have earnings going to the benefit of
1 35 an equity investor or stockholder.
2 1 (8) The state of Iowa, any political subdivision of the
2 2 state, or a division, board, commission, agency, or
2 3 instrumentality of the state or a political subdivision.
2 4 b. In order to receive the refund, the goods, wares, or
2 5 merchandise, or services furnished to a contractor shall be
2 6 used in the fulfillment of a written contract with one of the
2 7 designated entities in paragraph "a" for property that becomes
2 8 an integral part of the project under contract and at the
2 9 completion of the project becomes one of the following:
2 10 (1) Public property.
2 11 (2) Devoted to educational uses.
2 12 (3) Part of a low-income one-family or two-family dwelling
2 13 in the state.
2 14 (4) A nonprofit private museum.

2 15 (5) A nonprofit performing arts center.
2 16 c. The refund does not apply to goods, wares, or
2 17 merchandise, or services furnished, which are used in the
2 18 following:
2 19 (1) The performance of any contract in connection with the
2 20 operation of any municipal utility engaged in selling gas,
2 21 electricity, or heat to the general public or in connection
2 22 with the operation of a municipal pay television system.
2 23 (2) The performance of a contract for a project under
2 24 chapter 419 as defined in that chapter other than goods,
2 25 wares, or merchandise used in the performance of a contract
2 26 for a project under chapter 419 for which a bond issue was
2 27 approved by a municipality prior to July 1, 1968, or for which
2 28 the goods, wares, or merchandise becomes an integral part of
2 29 the project under contract and at the completion of the
2 30 project becomes public property or is devoted to educational
2 31 uses.
2 32 d. Such contractor shall state under oath, on forms
2 33 provided by the department, the amount of such sales of goods,
2 34 wares, or merchandise, or services furnished, and used in the
2 35 performance of such contract, and upon which sales or use tax
3 1 has been paid, and shall file such forms with the appropriate
3 2 designated entity in paragraph "a" that has made any written
3 3 contract for performance by the contractor. The forms shall
3 4 be filed by the contractor with the designated entity in
3 5 paragraph "a" before final settlement is made.
3 6 e. A designated entity in paragraph "a" shall, not more
3 7 than one year after the final settlement has been made, make
3 8 application to the department for any refund of the amount of
3 9 the sales or use tax which shall have been paid upon any
3 10 goods, wares, or merchandise, or services furnished, the
3 11 application to be made in the manner and upon forms to be
3 12 provided by the department, and the department shall forthwith
3 13 audit the claim and, if approved, issue a warrant to the
3 14 applicable designated entity in paragraph "a" in the amount of
3 15 the sales or use tax which has been paid to the state of Iowa
3 16 under the contract.
3 17 f. Refunds authorized under this subsection shall accrue
3 18 interest at the rate in effect under section 421.7 from the
3 19 first day of the second calendar month following the date the
3 20 refund claim is received by the department.
3 21 g. Any contractor who willfully makes a false report of
3 22 tax paid under the provisions of this subsection is guilty of
3 23 a simple misdemeanor and in addition shall be liable for the
3 24 payment of the tax and any applicable penalty and interest.

3 25 EXPLANATION

3 26 This bill exempts from sales tax the sale of materials and
3 27 services provided that are used in the operation of a
3 28 nonprofit private performing arts center. The bill allows the
3 29 sales tax from construction materials and services used to
3 30 build a nonprofit private performing arts center to be
3 31 refunded upon application to the Iowa department of revenue.
3 32 LSB 1294SV 83
3 33 ak/sc/5