

House File 2237 - Introduced

HOUSE FILE 2237

BY LUKAN

A BILL FOR

1 An Act relating to the rebate of state sales tax to the owner or
2 operator of a baseball and softball tournament facility and
3 movie site.

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

1 Section 1. FINDINGS. The general assembly finds that a
2 baseball and softball tournament facility and movie site in
3 Iowa would result in a substantial economic benefit to the
4 state and would offer thousands of competitors and visitors the
5 opportunity to experience and discover Iowa.

6 The general assembly further finds that the development
7 of the baseball and softball tournament facility and movie
8 site, including a year-round training facility, would enhance
9 the economic development of the area through an increase in
10 tourism.

11 The general assembly further finds that the rebate of state
12 sales tax collected at the baseball and softball tournament
13 facility and movie site to assist in the development of such
14 facility and complex would further tourism and is a public
15 purpose for which state funds may be used.

16 The general assembly further finds that the rebate of state
17 sales tax to the baseball and softball tournament facility and
18 movie site should be considered a program to be used as a means
19 to increase tourism into the state.

20 Sec. 2. Section 423.4, Code Supplement 2011, is amended by
21 adding the following new subsection:

22 NEW SUBSECTION. 10. a. For purposes of this subsection:

23 (1) "*Baseball and softball tournament facility and movie*
24 *site*" means a baseball and softball tournament complex and
25 tourist destination, which facility is located on a maximum of
26 two hundred seventy-nine acres, located inside or within three
27 miles of the city limits of a city with a population of at least
28 four thousand but not more than five thousand five hundred
29 residents, which city is located in a county with a population
30 of at least ninety-three thousand but not more than one hundred
31 thousand residents and where the construction on the baseball
32 and softball tournament facility commenced not later than one
33 year following the enactment of this Act, and the cost of the
34 construction upon completion was at least thirty-eight million
35 dollars.

1 (2) "*Change of control*" means any of the following:

2 (a) Any change in the ownership of the original or any
3 subsequent legal entity that is the owner or operator of the
4 baseball and softball tournament facility and movie site such
5 that more than fifty percent of the equity interests in the
6 legal entity cease to be owned by individuals who are residents
7 of Iowa, an Iowa corporation, or combination of both.

8 (b) The original owners of the legal entity that is the
9 owner or operator of the baseball and softball tournament
10 facility and movie site shall collectively cease to own more
11 than fifty percent of the voting equity interests of such legal
12 entity or shall otherwise cease to have effective control of
13 such legal entity.

14 (3) "*Iowa corporation*" means a corporation incorporated
15 under the laws of Iowa where at least fifty percent of the
16 corporation's equity interests are owned by individuals who are
17 residents of Iowa.

18 (4) "*Owner or operator*" means a for-profit legal entity
19 where at least fifty percent of its equity interests are owned
20 by individuals who are residents of Iowa, an Iowa corporation,
21 or combination of both and that is the owner or operator of a
22 baseball and softball tournament facility and movie site and is
23 primarily a promoter of baseball and softball tournaments.

24 (5) "*Population*" means the population based upon the 2010
25 certified federal census.

26 **b.** The owner or operator of a baseball and softball
27 tournament facility and movie site may apply to the department
28 for a rebate of sales tax imposed and collected by retailers
29 upon sales of any goods, wares, merchandise, admission tickets,
30 or services furnished to purchasers at the baseball and
31 softball tournament facility and movie site.

32 **c.** The rebate may be obtained only in the following amounts
33 and manner and only under the following conditions:

34 (1) On forms furnished by the department within the time
35 period provided by the department by rule, which time period

1 shall not be longer than quarterly.

2 (2) The owner or operator shall provide information as
3 deemed necessary by the department.

4 (3) The transactions for which sales tax was collected and
5 the rebate is sought occurred on or after January 1, 2014,
6 but before January 1, 2024. However, not more than sixteen
7 million five hundred thousand dollars in total rebates shall be
8 provided pursuant to this subsection.

9 (4) Notwithstanding subparagraph (3), the rebate of sales
10 tax shall cease for transactions occurring on or after the
11 date of the change of control of the baseball and softball
12 tournament facility and movie site.

13 *d.* To assist the department in determining the amount
14 of the rebate, the owner or operator shall identify to the
15 department retailers located at the baseball and softball
16 tournament facility and movie site who will be collecting sales
17 tax. The department shall verify such identity and ensure
18 that all proper permits have been issued. For purposes of
19 this subsection, advance ticket and admissions sales shall be
20 considered occurring at the baseball and softball tournament
21 facility and movie site regardless of where the transactions
22 actually occur.

23 *e.* There is established within the state treasury under the
24 control of the department a baseball and softball tournament
25 facility and movie site sales tax rebate fund consisting of
26 the amount of state sales tax revenues transferred pursuant
27 to section 423.2, subsection 11, paragraph "b", subparagraph
28 (4). An account is created within the fund for each baseball
29 and softball tournament facility and movie site meeting the
30 qualifications of this subsection. Moneys in the fund shall
31 only be used to provide rebates of state sales tax pursuant
32 to this subsection, and only the state sales tax revenues in
33 the baseball and softball tournament facility and movie site
34 rebate fund are subject to rebate under this subsection. Not
35 more than sixteen million five hundred thousand dollars in

1 total rebates shall be paid from the fund. Any moneys in the
2 fund which represent state sales tax revenue for which the time
3 period in paragraph "c" for receiving a rebate has expired,
4 or which otherwise represent state sales tax revenue that has
5 become ineligible for rebate pursuant to this subsection, shall
6 immediately revert to the general fund of this state.

7 f. Upon determining that the conditions and requirements
8 of this subsection and the department are met, the department
9 shall issue a warrant from the applicable account within the
10 baseball and softball tournament facility and movie site rebate
11 fund to the owner or operator in the amount equal to the amount
12 claimed and verified by the department.

13 g. This subsection is repealed June 30, 2024, or thirty
14 days following the date on which sixteen million five hundred
15 thousand dollars in total rebates have been provided, or thirty
16 days following the date on which rebates cease as provided in
17 paragraph "c", subparagraph (4), whichever is the earliest.

18 Sec. 3. Section 423.2, subsection 11, Code Supplement 2011,
19 is amended to read as follows:

20 11. a. (1) All revenues arising under the operation of the
21 provisions of this section shall be deposited into the general
22 fund of the state.

23 (2) Subsequent to the deposit into the general fund of
24 the state, the director shall credit an amount equal to the
25 product of the sales tax rate imposed in this section times
26 the sales price of the tangible personal property or services
27 furnished to purchasers at a baseball and softball tournament
28 facility and movie site meeting the qualifications of section
29 423.4, subsection 10, into the baseball and softball tournament
30 facility and movie site sales tax rebate fund created under
31 section 423.4, subsection 10, paragraph "e". The director
32 shall credit the moneys beginning the first day of the quarter
33 following the effective date of this Act. This subparagraph is
34 repealed June 30, 2024, or thirty days following the date on
35 which sixteen million five hundred thousand dollars in total

1 rebates have been provided under section 423.4, subsection
2 10, or thirty days following the date on which rebates cease
3 as provided in section 423.4, subsection 10, paragraph "c",
4 subparagraph (4), whichever is earliest.

5 *b.* Subsequent to the deposit into the general fund of the
6 state and after the transfer of such pursuant to paragraph "a",
7 the department shall do the following in the order prescribed:

8 (1) Transfer the revenues collected under chapter 423B, the
9 department shall transfer.

10 (2) Transfer from the remaining revenues the amounts
11 required under Article VII, section 10, of the Constitution
12 of the State of Iowa to the natural resources and outdoor
13 recreation trust fund created in section 461.31, if applicable.

14 (3) Transfer one-sixth of such the remaining revenues to the
15 secure an advanced vision for education fund created in section
16 423F.2. This paragraph subparagraph (3) is repealed December
17 31, 2029.

18 (4) Transfer to the baseball and softball tournament
19 facility and movie site sales tax rebate fund that portion of
20 the sales tax receipts described in paragraph "a", subparagraph
21 (2), remaining after the transfers required under subparagraphs
22 (1), (2), and (3) of this paragraph "b". This subparagraph is
23 repealed June 30, 2024, or thirty days following the date on
24 which sixteen million five hundred thousand dollars in total
25 rebates have been provided under section 423.4, subsection
26 10, or thirty days following the date on which rebates cease
27 as provided in section 423.4, subsection 10, paragraph "c",
28 subparagraph (4), whichever is earliest.

29

EXPLANATION

30 This bill authorizes the department of revenue to rebate
31 sales tax collected by retailers on purchases made at a
32 baseball and softball tournament facility and movie site. To
33 be eligible for the rebate the baseball and softball tournament
34 facility and movie site must be located on a maximum of 279
35 acres and located inside or within three miles of the city

1 limits of a city with a population between 4,000 and 5,500,
2 which is located in a county with a population between 93,000
3 and 100,000. In addition, construction on the facility must
4 commence not later than one year following the enactment of the
5 bill, and the cost of the construction must be at least \$38
6 million.

7 The person eligible to receive the rebate is the owner or
8 operator of the baseball and softball tournament facility and
9 movie site. The rebate of sales tax only applies to the sales
10 tax collected on transactions occurring on or after January 1,
11 2014, and before January 1, 2024, and shall only be paid from
12 the baseball and softball tournament facility and movie site
13 sales tax rebate fund created in the bill.

14 The bill creates the baseball and softball tournament
15 facility and movie site sales tax rebate fund consisting of
16 the remaining amount of state sales tax revenue collected upon
17 tangible personal property or services furnished to purchasers
18 at the baseball and softball tournament facility and movie
19 site after subtracting the local option sales tax under Code
20 chapter 423B, the natural resources and outdoor recreation
21 trust fund transfer pursuant to Article VII, section 10, of the
22 Constitution of the State of Iowa if applicable, and the secure
23 an advanced vision for education fund transfer pursuant to Code
24 section 423F.2. Rebates are paid only from this rebate fund
25 and are limited to the amounts in the fund. The total amount
26 that may be rebated from the fund and under the bill is \$16.5
27 million.

28 The rebate ceases if control of the facility changes. The
29 rebate provision is repealed June 30, 2024, or 30 days after
30 a total of \$16.5 million has been rebated, whichever occurs
31 earlier.