

**House File 2463 - Introduced**

HOUSE FILE 2463

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 655)

**A BILL FOR**

1 An Act modifying the state sales tax rebate 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. NEW SECTION. 15F.207 **Baseball and softball**  
2 **complex sales tax rebate.**

3 1. *Definitions.* As used in this section, unless the context  
4 otherwise requires, "baseball and softball complex" and "owner or  
5 operator" mean the same as defined in section 423.4, subsection  
6 10.

7 2. *Application.* An entity that has made or is making an  
8 application under section 15F.202, subsection 2, for financial  
9 assistance for a project may make an application for the sales  
10 tax rebate provided under section 423.4, subsection 10. The  
11 application shall be made in the same manner and form as  
12 provided in section 15F.202, subsection 2, and shall include  
13 but not be limited to the same information as required in  
14 section 15F.202, subsection 2.

15 3. *Eligibility.*

16 a. The project must satisfy all of the following criteria to  
17 be eligible for a sales tax rebate:

18 (1) The project upon completion will be a baseball and  
19 softball complex.

20 (2) The entity making the application is or will become the  
21 owner or operator of the baseball and softball complex.

22 b. A project shall not be required to be receiving an award  
23 of financial assistance under another part of the program  
24 in order to be awarded a sales tax rebate pursuant to this  
25 section.

26 4. *Application review and award.*

27 a. Applications for the sales tax rebate shall be submitted  
28 to the authority. For those applications that meet the  
29 eligibility criteria, the authority shall provide a staff  
30 review and evaluation, with recommendation, to the board.

31 b. When reviewing applications, the authority shall  
32 consider, at a minimum, the same factors provided in section  
33 15F.203, subsection 3, excluding paragraph "f" of that  
34 subsection.

35 c. Upon review of the recommendation of the authority, the

1 board shall approve, defer, or deny an application.

2 *d.* Upon approval of an application for a sales tax rebate,  
3 the board shall notify the department of revenue regarding the  
4 amount of the sales tax rebate award, a description of the  
5 project comprising the baseball and softball complex, and any  
6 other information reasonably requested by the department in  
7 order to administer the sales tax rebate.

8 5. *Maximum award amount.* The board shall not award more  
9 than two million five hundred thousand dollars in sales tax  
10 rebates for any one baseball and softball complex, and shall  
11 not award more than sixteen million five hundred thousand  
12 dollars in total sales tax rebates for all baseball and  
13 softball complexes.

14 6. *Future repeal.* This section is repealed thirty days  
15 following the date on which sixteen million five hundred  
16 thousand dollars in total rebates have been awarded. The board  
17 shall notify the Iowa Code editor upon occurrence of this  
18 condition.

19 Sec. 2. Section 423.2, subsection 11, paragraph a,  
20 subparagraph (2), Code 2016, is amended to read as follows:

21 (2) Subsequent to the deposit into the general fund of  
22 the state, the director shall credit an amount equal to the  
23 product of the sales tax rate imposed in [this section](#) times  
24 the sales price of the tangible personal property or services  
25 furnished to purchasers at a baseball and softball ~~tournament~~  
26 ~~facility and movie site meeting~~ complex that has received an  
27 award under section 15F.207 and that meets the qualifications  
28 of [section 423.4, subsection 10](#), into the baseball and softball  
29 ~~tournament facility and movie site~~ complex sales tax rebate  
30 fund created under [section 423.4, subsection 10](#), paragraph "e".  
31 The director shall credit the moneys beginning the first day of  
32 the quarter following July 1, ~~2012~~ 2016. This subparagraph is  
33 repealed ~~June 30, 2024,~~ or thirty days following the date on  
34 which sixteen million five hundred thousand dollars in total  
35 rebates have been provided under section 423.4, subsection

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

4 Sec. 3. Section 423.2, subsection 11, paragraph b,  
5 subparagraph (4), Code 2016, is amended to read as follows:

6 (4) ~~Transfer to the baseball and softball tournament~~  
7 ~~facility and movie site complex sales tax rebate fund that~~  
8 ~~portion of the sales tax receipts described in paragraph "a",~~  
9 ~~subparagraph (2), remaining after the transfers required~~  
10 ~~under subparagraphs (1), (2), and (3) of this paragraph "b".~~  
11 ~~This subparagraph is repealed June 30, 2024, or thirty days~~  
12 ~~following the date on which sixteen million five hundred~~  
13 ~~thousand dollars in total rebates have been provided under~~  
14 ~~section 423.4, subsection 10, or thirty days following the date~~  
15 ~~on which rebates cease as provided in section 423.4, subsection~~  
16 ~~10, paragraph "c", subparagraph (4), whichever is earliest.~~

17 Sec. 4. Section 423.4, subsection 10, Code 2016, is amended  
18 to read as follows:

19 10. a. For purposes of this subsection:

20 (1) ~~"Baseball and softball tournament facility and movie~~  
21 ~~site" means a baseball and softball tournament complex and~~  
22 ~~tourist destination, which facility is located on a maximum of~~  
23 ~~two hundred seventy-nine acres, located inside or within three~~  
24 ~~miles of the city limits of a city with a population of at least~~  
25 ~~four thousand but not more than five thousand five hundred~~  
26 ~~residents, which city is located in a county with a population~~  
27 ~~of at least ninety-three thousand but not more than one hundred~~  
28 ~~thousand residents and where the construction on the baseball~~  
29 ~~and softball tournament facility commenced not later than July~~  
30 ~~1, 2013, and the cost of the construction upon completion was~~  
31 ~~at least thirty-eight million dollars. "Baseball and softball~~  
32 ~~complex" means a baseball and softball complex located in this~~  
33 ~~state that has a project completion date that is after July 1,~~  
34 ~~2016, and that has a cost of construction upon completion that~~  
35 ~~is at least ten million 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~~  
5 complex such that more than fifty-one percent of the equity  
6 interests or voting interest in the legal entity ~~cease~~ ceases  
7 to be owned by individuals who are residents of Iowa, an Iowa  
8 corporation, or combination of both.

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

15 (3) "*Iowa corporation*" means a corporation incorporated  
16 under the laws of Iowa where more than fifty-one percent of the  
17 corporation's equity interests or voting interest are owned or  
18 controlled by individuals who are residents of Iowa.

19 (4) "*Owner or operator*" means a ~~for-profit~~ legal entity  
20 where more than fifty-one percent of its equity interests are  
21 or voting interest is owned or controlled by individuals who  
22 are residents of Iowa, an Iowa corporation, or combination  
23 of both and that is the owner or operator of a baseball and  
24 softball ~~tournament facility and movie site~~ complex and is  
25 primarily a promoter of baseball and or softball tournaments,  
26 or both.

27 (5) ~~"Population"~~ means ~~the population based upon the 2010~~  
28 ~~certified federal census.~~ "Project completion date" means the  
29 date on which a baseball and softball complex is placed into  
30 service.

31 *b.* The owner or operator of a baseball and softball  
32 ~~tournament facility and movie site may apply to the department~~  
33 ~~for~~ complex that has received an award under section 15F.207  
34 shall be entitled to a rebate of sales tax imposed and  
35 collected by retailers upon sales of any goods, wares,

1 merchandise, admission tickets, or services furnished to  
2 purchasers at the baseball and softball ~~tournament facility and~~  
3 ~~movie site complex.~~

4 c. The rebate may be obtained only in the following amounts  
5 and manner and only under the following conditions:

6 (1) On forms furnished by the department within the time  
7 period provided by the department by rule, which time period  
8 shall not be longer than quarterly.

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

11 (3) The transactions for which sales tax was collected and  
12 the rebate is sought occurred on or after ~~January 1, 2014, but~~  
13 ~~before January 1, 2024~~ the baseball and softball complex's  
14 project completion date or the date on which the award under  
15 section 15F.207 was made, whichever is later, but before the  
16 date which is ten years after the project completion date.  
17 However, ~~not more than~~ the amount of rebates provided to a  
18 baseball and softball complex shall not exceed the amount of  
19 the award under section 15F.207, and not more than sixteen  
20 million five hundred thousand dollars in total rebates shall be  
21 provided pursuant to [this subsection](#).

22 (4) Notwithstanding subparagraph (3), the rebate of  
23 sales tax to a baseball and softball complex shall cease for  
24 transactions occurring on or after the date of the change of  
25 control of the baseball and softball ~~tournament facility and~~  
26 ~~movie site complex.~~

27 d. To assist the department in determining the amount of the  
28 rebate, the owner or operator shall identify to the department  
29 retailers located at the baseball and softball ~~tournament~~  
30 ~~facility and movie site complex~~ who will be collecting sales  
31 tax. The department shall verify such identity and ensure  
32 that all proper permits have been issued. For purposes of  
33 this subsection, advance ticket and admissions sales shall be  
34 considered occurring at the baseball and softball ~~tournament~~  
35 ~~facility and movie site complex~~ regardless of where the

1 transactions actually occur.

2 e. There is established within the state treasury under  
3 the control of the department a baseball and softball  
4 ~~tournament facility and movie site~~ complex sales tax rebate  
5 fund consisting of the amount of state sales tax revenues  
6 transferred pursuant to [section 423.2, subsection 11](#), paragraph  
7 "b", subparagraph (4). An account is created within the fund  
8 for each baseball and softball ~~tournament facility and movie~~  
9 ~~site~~ complex receiving an award under section 15F.207 and  
10 meeting the qualifications of [this subsection](#). Moneys in the  
11 fund shall only be used to provide rebates of state sales tax  
12 pursuant to [this subsection](#), and only the state sales tax  
13 revenues in the baseball and softball ~~tournament facility and~~  
14 ~~movie site~~ complex rebate fund are subject to rebate under this  
15 subsection. ~~Not more than~~ The amount of rebates paid from each  
16 baseball and softball complex's account within the fund shall  
17 not exceed the amount of the award under section 15F.207, and  
18 not more than sixteen million five hundred thousand dollars in  
19 total rebates shall be paid from the fund. Any moneys in the  
20 fund which represent state sales tax revenue for which the time  
21 period in paragraph "c" for receiving a rebate has expired,  
22 or which otherwise represent state sales tax revenue that has  
23 become ineligible for rebate pursuant to [this subsection](#), shall  
24 immediately revert to the general fund of this state.

25 f. Upon determining that the conditions and requirements  
26 of [this subsection](#) and the department are met, the department  
27 shall issue a warrant from the applicable account within the  
28 baseball and softball ~~tournament facility and movie site~~  
29 complex rebate fund to the owner or operator in the amount  
30 equal to the amount claimed and verified by the department.

31 g. [This subsection](#) is repealed ~~June 30, 2024, or thirty~~  
32 days following the date on which sixteen million five hundred  
33 thousand dollars in total rebates have been provided, ~~or thirty~~  
34 ~~days following the date on which rebates cease as provided in~~  
35 ~~paragraph "c", subparagraph (4), whichever is the earliest.~~

1 The director of revenue shall notify the Iowa Code editor upon  
2 occurrence of this condition.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with  
5 the explanation's substance by the members of the general assembly.

6 This bill modifies the rebate of state sales tax to the owner  
7 or operator of a baseball and softball tournament facility and  
8 movie site and makes the rebate subject to an award by the  
9 vision Iowa board.

10 BACKGROUND. 2012 Iowa Acts, chapter 1098, enacted a sales  
11 tax rebate to the owner or operator of a baseball and softball  
12 tournament facility and movie site (facility). In order to  
13 be eligible for the rebate, the facility must be located on a  
14 maximum of 279 acres and located inside or within three miles  
15 of the city limits of a city with a population between 4,000  
16 and 5,500, which is located in a county with a population  
17 between 93,000 and 100,000. Construction on the facility  
18 must commence not later than July 1, 2013, and the cost of  
19 construction must be at least \$38 million.

20 The rebate only applies to state sales tax collected at  
21 the facility between January 1, 2014, and December 31, 2023.  
22 The rebate ceases if control of the facility changes. The  
23 rebate provision is repealed June 30, 2024, or 30 days after a  
24 total of \$16.5 million has been rebated, or 30 days following  
25 the change of control causing the rebates to cease, whichever  
26 occurs earlier.

27 CHANGES IN BILL. The bill changes the name of the qualifying  
28 "baseball and softball tournament facility and movie site" to a  
29 "baseball and softball complex", changes the requirements to  
30 qualify for the sales tax rebate, and makes the rebate subject  
31 to an award by the vision Iowa board (board).

32 An entity that is or will become the owner or operator of  
33 a baseball and softball complex and that has or is making an  
34 application to the economic development authority (EDA) for  
35 financial assistance under the community attraction and tourism



1 program (CAT program) is eligible to apply for the sales tax  
2 rebate in the same manner and form as an application for the  
3 CAT program is made. However, a project for a baseball and  
4 softball complex is not required to be receiving financial  
5 assistance under another part of the CAT program in order to  
6 be awarded a sales tax rebate. In order to be eligible for a  
7 rebate award, the project upon completion will be a baseball  
8 and softball complex. Applications are reviewed by the EDA in  
9 the same manner as applications under the CAT program, except  
10 that the EDA is not required to consider whether the applicant  
11 has received financial assistance under the CAT program for the  
12 same project. Upon review of the application, the EDA makes a  
13 recommendation to the board and the board approves, defers, or  
14 denies the application. The board shall not award more than  
15 \$2.5 million in sales tax rebates for any one baseball and  
16 softball complex and shall not award more than \$16.5 million  
17 in total sales tax rebates for all baseball and softball  
18 complexes. The sales tax rebate award provisions are repealed  
19 30 days after the board awards a total of \$16.5 million in  
20 sales tax rebates. A baseball and softball complex that has  
21 received an award qualifies for the sales tax rebate if it is  
22 located in this state, has a project completion date that is  
23 after July 1, 2016, and has construction costs of at least \$10  
24 million. "Project completion date" is defined in the bill to  
25 mean the date on which the baseball and softball complex is  
26 placed into service.

27 The bill removes the requirement that the legal entity  
28 that is the owner or operator of the complex be a for-profit  
29 legal entity, and further modifies the percentage-of-ownership  
30 requirements for qualification as an owner or operator and  
31 for the occurrence of a change of control to specify that the  
32 percentage is calculated using the equity interests or voting  
33 interest owned or controlled by Iowa residents. Under current  
34 law, the calculation only considers equity interests owned by  
35 Iowa residents.

1 The bill changes the availability of the sales tax rebate for  
2 each baseball and softball complex that has received an award  
3 to specify that the rebate only applies to sales tax collected  
4 for the period that begins on the complex's project completion  
5 date or the date on which the rebate award was made, whichever  
6 is later, and that ends on the date which is 10 years after the  
7 complex's project completion date.

8 The bill specifies that the amount of sales tax rebates paid  
9 to a baseball and softball complex cannot exceed the amount  
10 of the rebate award made by the board. The bill changes the  
11 repeal date of the rebate provision to provide that the rebate  
12 is repealed 30 days after a total of \$16.5 million has been  
13 rebated.