

**House File 545 - Introduced**

HOUSE FILE 545  
BY COMMITTEE ON HUMAN  
RESOURCES

(SUCCESSOR TO HSB 190)

**A BILL FOR**

1 An Act amending the sales and use tax exemption for the  
2 sale of goods and services furnished in fulfillment of a  
3 written construction contract with a nonprofit hospital,  
4 and including effective date and retroactive applicability  
5 provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 29, Code 2015, is  
2 amended to read as follows:

3 29. The sales price of all goods, wares, or merchandise  
4 sold, or of services furnished, which are used in the  
5 fulfillment of a written construction contract with a nonprofit  
6 hospital licensed pursuant to chapter 135B if all of the  
7 following apply:

8 a. The sales and delivery of the goods, wares, or  
9 merchandise, or the services furnished, occurred between July  
10 January 1, 1998 2014, and December 31, 2001 2016.

11 b. The written construction contract was entered into on or  
12 after January 1, 2014, but prior to December 31, 1999 2015, or  
13 bonds to fund the construction were issued on or after July 1,  
14 2014, but prior to December 31, 1999 2015.

15 c. The sales or services were purchased directly by a  
16 contractor, or by a contractor as the agent for the hospital,  
17 or were purchased directly by the hospital.

18 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
19 immediate importance, takes effect upon enactment.

20 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
21 retroactively to January 1, 2014, for sales of tangible  
22 personal property made, and services furnished, on or after  
23 that date.

24 EXPLANATION

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

27 This bill relates to the sales and use tax exemption for  
28 sales of goods and services made in fulfillment of a written  
29 construction contract with a nonprofit hospital licensed  
30 pursuant to Code chapter 135B. In order to qualify for the  
31 sales and use tax exemption under current law, the sales of  
32 goods or services must have occurred between July 1, 1998, and  
33 December 31, 2001, and the written construction contract or  
34 construction bonds must have been entered into or issued prior  
35 to December 31, 1999.

1 The bill amends these dates to provide that the exemption  
2 will apply if the sales of goods or services occur between  
3 January 1, 2014, and December 31, 2016, and if the written  
4 construction contract is entered into on or after January 1,  
5 2014, but before December 31, 2015, or the construction bonds  
6 are issued on or after July 1, 2014, but before December 31,  
7 2015.

8 Also under current law, the exemption only applies if the  
9 goods or services were purchased by a contractor as the agent  
10 for the hospital or were purchased directly by the hospital.  
11 The bill provides that the exemption will also apply if the  
12 goods or services were purchased directly by a contractor.

13 By operation of Code section 423.6, an item exempt from the  
14 imposition of the sales tax is also exempt from the use tax  
15 imposed in Code section 423.5.

16 The bill takes effect upon enactment and applies  
17 retroactively to January 1, 2014, to sales of goods and  
18 services on or after that date.