

House Study Bill 190 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
HUMAN RESOURCES BILL BY
CHAIRPERSON MILLER)

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.